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NEWS SUMMARY

GENERAL

Gunmen kill envoy's wife

Retained lower, and...
...the interest...
...would have...

BUSINESS

Equities down 2.7; Gilts weaker

● EQUITIES fell 2.7 to 475.5 on the day in light selling, the FT ordinary index having dipped 4.6 to its lowest of the day at 11 am.

World Cup

But it will be a...
...the group...
...the group...

Africa warning

...a strong speech...
...the UN...
...the UN...

Security demand

...the Government...
...the Government...
...the Government...

Jerusalem blast

...Six people were...
...wounded when...
...a bomb blast...

Chad battle

...Around 500 French...
...troops joined...
...Chad army...

Britannia rules

...Britain is "way...
...ahead" in...
...developing...

Paracetamol scare

...Nine schoolchildren...
...admitted to...
...hospital with...

Briefly

...Nobel peace laureate...
...Andrei Sakharov...
...and his wife...

COMPLAINTS

...Mr. Whistonsame, a...
...Birmingham...
...Polytechnic...

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Alliance Trust 222 + 4	Excise 12pc 1988 262 - 4
Alpine Soft Drinks 136 + 6	Johnson's 216 - 4
Associated Bank 192 + 7	Hawker-Siddeley 233 - 10
Australia & Internat. 35 + 5	Hillards 94 - 7
Benn Bros 143 + 6	London & European 26 - 4
Black (Pence) 202 + 9	Lombard 48 - 7
Cashon Inds. 22 + 2	Smart (L) 177 - 4
Carter Guard Bridge 28 + 2	Turner & Newall 568 - 18
Fundinvest Cap. 59 + 5	Sibers (UK) 380 - 10
Hall Engineering 107 + 6	Free State Geduld 131 - 1
Macdonald Martin A 40 + 40	
Norgan Edwards 62 + 7	

Tanzania to expel Lonrho 'for role in southern Africa'

BY MARTIN DICKSON

The Tanzanian Government said yesterday that it would expel Lonrho because of the nature of the company's activities in southern Africa. It has been given three months to dispose of its assets in Tanzania.

The totally unexpected statement from Dar es Salaam said: "It is not possible for Tanzania to permit a business enterprise to operate in this country if it is known to have undermined the freedom struggle in southern Africa through its activities elsewhere."

"Front line"

The investigation had shown that Lonrho had "over a number of years engaged in profit-making activities in Rhodesia inconsistent with the letter and spirit of United Nations mandatory sanctions."

Japanese GNP increases 2.4% in first quarter

BY DOUGLAS RAMSEY

TOKYO, June 2. THE JAPANESE economy grew faster during the first three months of this year than at any time since before the 1973 oil crisis.

The Economic Planning Agency said in a report published today that Japan's gross national product rose 2.4 per cent in real terms during the January-March period compared with the previous three months. It is the sharpest three-month rise since the same period of 1973 (when GNP increased 3.4 per cent).

Knighthood for Freddie Laker

BY PHILIP RAWSTORNE

MR. FREDDIE LAKER, who introduced the Skytrain cut-price air service to the U.S. last year after a long legal battle with the Government, is given a knighthood in the Queen's Birthday Honours today.

Life peers

Similar awards go to Mr. Barrie Heath, chairman of the Guest Keen and Nettlefolds group, Mr. Raymond Pennock, deputy chairman of ICI, and Mr. Robert Telford, managing director of GEC-Marconi.

Three men who joined their companies in junior positions and reached the top are also knighted—Mr. Terry Beckett, chairman and managing director of Ford; Mr. Alastair Down, chairman of British Rail; and Mr.

ICI to repay £74m DM loan early

BY JAMES BARTHOLOMEW

IMPERIAL Chemical Industries is to make an early repayment of £74m in DM loans on which it has made an exchange loss of just over £40m.

The company says it does not regard the exchange loss as serious in view of the matching assets in Germany which have correspondingly had an exchange gain.

But the German assets consist largely of an artificial fibres operation which has had great trading difficulties.

The reason for early repayment is that the interest cost on the loans is higher than the market rate. The coupons on the three loans, due to be repaid in 1983 and 1986, range from 8 to 9 per cent.

ICI estimated yesterday that in present market conditions the company could obtain money in Germany at a cheaper rate, say 6 per cent, even for longer-term money.

In the circumstances it would be "illogical" not to make an early repayment.

Under the terms of the loans, ICI is able to repay at only 11 to 12 per cent, above their nominal value.

Holdings

ICI is fairly liquid at the moment and can easily repay the borrowings from its currency holdings.

The January 25-year bond issue of £175m in New York has taken care of much of the company's long-term financing needs. But the dollar borrowing was also specifically designed to finance this DM repayment.

ICI does not always match its borrowings with assets. It has substantial Swiss franc borrowings but only minimal assets in Switzerland.

However, its DM borrowings, believed to be about DM 700m before this DM 280m repayment, are exceeded by the value of assets in Germany.

The DM/sterling exchange rate at the time one of the loans was taken out in 1971 was 3.4647. Last night in London the rate was 3.7850.

£ in New York		
	June 2	Previous
Spot	£1.224-125	£1.210-120
1 month	£1.230-130	£1.215-125
3 months	£1.235-135	£1.220-130

Keeping £ stable costs less

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Government had to intervene in the foreign exchange markets on a much smaller scale last month than in April in order to meet its aim of keeping the pound stable.

There was an underlying decline in the U.K.'s official reserves of \$650m last month, compared with a fall of \$2.1bn in April.

After taking account of new borrowing from overseas, the reserves dropped last month by \$377m overall to \$16,660m after a \$3.28bn decline in April.

The figures announced yesterday by the Treasury were much as the market expected, and sterling closed only 35 points lower at \$1.830. The trade-weighted index, however, fell lower at 61.2, though dealers suspected some official support in order to prevent a further decline.

The pound changed little over last month as a whole. The overall public sector borrowing requirement for 1977-78 was \$5.58bn, or £15m less than provisionally estimated at the time of the Budget. The figures tentatively confirm indications of an acceleration in public spending towards the end of the financial year.

Details, Page 4

all level of support was lower than in April, partly because of the renewed weakness of the dollar during May.

The intention appears to be to absorb any short-term pressures—caused, say, by unfavourable economic statistics. But in the longer term, the aim remains that of allowing the exchange rate to be determined primarily by market forces and of ensuring that competitiveness, measured by relative labour costs, is at last year's average level.

The official view—without complete data available—is that a large part of the \$3.04bn underlying decline in the reserves in the last three months probably represents a withdrawal of part of the very large speculative inflows attracted early last autumn when sterling was being held down. The inflows amounted to \$88m in October and \$100m in November under the new administered system.

Morocco force for Zaire

BY OUR FOREIGN STAFF

MOROCCO SAID last night that it would send troops to Zaire to assist President Mobutu defend Shaba province against rebel forces.

The decision came after a visit to Morocco this week by President Mobutu in search of military assistance.

Last year, Morocco's King Hassan sent about 1,300 troops to Zaire to help President Mobutu defeat a rebel invasion of Shaba.

NOW'S THE TIME TO BUY INTO AMERICA

Although share prices in the USA have recently moved upwards, they are still near their lowest point for well over two years.

We believe that at present they still offer excellent value to the investor who is prepared to look ahead.

A simple way to invest in the USA—and in other overseas markets to the extent that changing conditions may suggest—is to buy Midland Drayton International Units.

Worldwide Portfolio

This trust aims for capital growth from a diversified worldwide portfolio. Currently, 67% of the fund is invested in North America, 14% in the Far East, 5% in U.K. equities, and 14% in Europe.

Since its inception in December 1969, the offer price of Distribution Units has increased by 106.5% (as at 1st June 1978), compared with a rise of only 51.5% in the F.T. Actuaries All-Share Index over the same period.

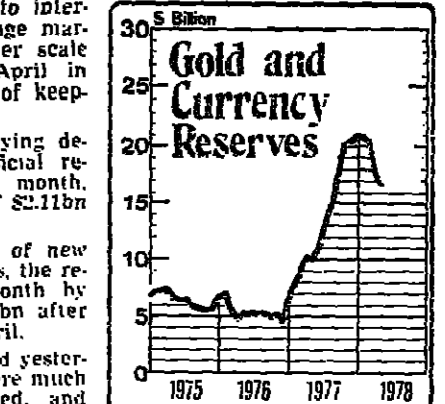
The investment managers, Drayton Montagu Portfolio Management, believe that prospects for further growth are good, but unitholders should regard their investment as a long-term one.

At the offer price of \$1.70 on 1st June 1978, the estimated gross yield was \$2.49% p.a.

The price of units and the income from them can go down as well as up.

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Gold and Currency Reserves

Now, the reserves have been reduced from their peak level of \$20.68bn at the end of January by substantial repayments of the U.K.'s official overseas debts.

Repayments of public sector debt last month amounted to \$75m and were more than offset by new borrowing of \$55m, almost entirely from the issue of Government bonds in the New York capital market.

The Government's intention is spread the burden of debt repayment away from the peak years of the early 1980s. The early repayment this year of loans totalling \$3.14bn has been announced, including \$2bn to the International Monetary Fund.

In addition nearly \$1bn is due for repayment in 1978, so that borrowings of \$4.1bn will at present be repaid this year. The total may rise to around \$4.5bn or so by the end of the year.

This has partly been offset by new borrowing, with maturity dates from the mid-1980s onwards. This amounts to \$1.2bn since last October. This programme will continue and the market expects that the Government will tap the New York market again.

The rate on Treasury bills rose sharply at yesterday's auction to a level which would have triggered an increase in the Bank of England's minimum lending rate to 9 1/2 per cent under the market-related formula which was abandoned last week.

The Bank fixed M.L.R. at an unchanged 8 per cent on Thursday under the new administered system.

Application Form

To: Midland Bank Group Unit Trust Managers Limited, Courtyard House, Silver Street, London EC2P 2BX. Tel: 0742-78842

I enclose a cheque payable to you for investment in Distribution Units of Accumulation Units (tick which) of Midland Drayton International Unit Trust at the price ruling on the day you receive this order.

For your assistance, the offer prices on Thursday, 1st June 1978 are: Distribution Units 21p; Accumulation Units 20p.

Signature (in the case of joint applications, all must sign) Please send me details of your Share Exchange Scheme (if applicable) (tick if this applies)

Postcode Date FTS

I/We declare that I/we are not resident outside the Scheduled Territories and that the amount of my/our contribution to the purchase of units is not more than £100 (or the equivalent in any other currency) and that the application is not made for the purpose of circumventing the provisions of the Exchange Control Act 1947.

Signature (in the case of joint applications, all must sign) Please send me details of your Share Exchange Scheme (if applicable) (tick if this applies)

Postcode Date FTS

I/We declare that I/we are not resident outside the Scheduled Territories and that the amount of my/our contribution to the purchase of units is not more than £100 (or the equivalent in any other currency) and that the application is not made for the purpose of circumventing the provisions of the Exchange Control Act 1947.

Italian Left claims 'vendetta' against opera officials

in the fairy-tale ending of the Barber of Seville—"zitti, zitti, piano, piano, senza far tanto baccano"—and kept a lower profile.

WASHINGTON, June 2.—THE PRICE of food rose much less sharply at the wholesale level in May compared with the preceding months, according to Government statistics released today.

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THE INTERNATIONAL ART FAIR.
Swiss Industries Fair Basel, from 10 a.m. to 8 p.m.,
admission SFr 7.— after 5 p.m. SFr 5.—

The encounter was startling. The two men relived events at

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Scotch contest goes to Highland Queen

BY KENNETH GOODING

ONE OF the biggest contests in the UK Scotch whisky market has ended in victory for the publicly-quoted, but family-controlled Macdonald & Co. Highland Queen brand.

The prize was the right to replace Vat 69 as one of the favoured brands within the Bass Charrington group.

The group had dropped Vat 69, a Distillers' Company brand, as its price had risen by 50p a bottle, because of the company's problems with the Common-Market Commission.

Most of Britain's Scotch whisky brand owners are believed to have fought for the contract to gain immediate access to the 10,000 or so outlets owned by the group.

Vat 69 has been selling more than 250,000 cases (of 12 bottles) a year with Bass Charrington's backing, and if Highland Queen can pick up a substantial part of these sales, it will give Macdonald & Co. a big boost.

However, there is no doubt that the deal was won by offering the group very favourable price terms.

Bass Charrington will continue to promote in its pubs the Grant's Standfast brand, distributed in the UK by a consortium company in which the group has a 30 per cent shareholding.

In the "free" (non-brewer-owned) trade, Highland Queen will be the one brand the group will promote in England and Wales.

Previously the brand has been handled by the wine and spirit subsidiary of H. P. Bulmer, better known for its ciders.

Building societies add 388 branches

BY JOHN BRENNAN

BUILDING societies' expansion in the country's High Streets continued last year, with a net of 388 branches—a 9 per cent increase—bringing the total to 4,100.

In its annual survey of building society branch offices, surveyors Hillier Parker May and Rowden, the surveyors show that although the number of societies declined from 576 in 1966 to 364 in 1976, the number of branches has increased by 250 to 300 a year throughout the 1970s.

This has increased the polarisation between the top 18 societies, with 3,250 branches, and the several hundred smaller societies.

There are still some 250 societies with only one office.

The Abbey National, Leeds Equitable and Woolwich Equitable societies led the branch expansion last year, opening more than 40 new offices each.

The Abbey now leads the rest of the movement with 467 branches. The Halifax, which is the largest of the societies in terms of assets, now has 374 branches, 23 more than in 1976. The Nationwide has 339 branches, Leeds Permanent 264 and Woolwich 220.

Hillier Parker notes that the growth of societies' branches outpaces growth in any other area of the retail property market.

It believes that the expansion of branches may begin to slow as the movement nears an optimum national coverage of between 4,500 and 5,000 outlets.

The leading societies have a similar number of branches to the leading retail multiple groups, but they are still overshadowed by the main clearing banks each of which run branch networks of several thousand offices.

Homes cash unspent by councils

Financial Times Reporter

WELSH local authorities under-spent their housing budgets for the second financial year running. Mr. Alec Jones, Parliamentary Under-Secretary for Wales, told a conference in Llandrindod Wells yesterday.

This is in spite of the fact that Wales has the worst housing stock of any region of the UK. Nearly one in five houses is still officially classified as unfit according to a Government survey.

Mr. Jones told the National Housing and Town Planning Conference that some £16m was unspent in 1977-78 and there were indications of further under-spending in the current financial year. In 1976-77, Welsh local authorities also failed to spend £12m of their housing budget.

The Minister attributed the shortfall to local authorities learning to live with cash limits.

It made matters very difficult for the Secretary of State for Wales in his arguments with the Treasury over the size of the housing budget for Wales.

Phone service restrictions

TELEPHONE, telex, and telegram services to Australia, the Far East, the Middle East, Africa and India will be restricted for about eight hours from 11 am tomorrow because of maintenance work at the Post Office's satellite earth station at Goonhilly Down.

Japanese sponsor LSE project



THE London School of Economics yesterday received more than £2m from two Japanese companies, Suntory and Toyota, to set up an international research centre for economics and related subjects.

After accepting the formal trust deed signed by representatives of the two companies, Professor Ralf Dahrendorf, director of the LSE, described the occasion as opening "a new chapter in the history of the LSE."

The ceremony was attended by Mr. Tadato Kato, the Japanese Ambassador, Mr. Keizo Saiji, chairman and president of Suntory, the drinks company, and Dr. Shochiro Toyota, vice-president of Toyota.

The centre, which is the brainchild of Professor Michio Morishima, professor of economics at the LSE, is to open this autumn and will undertake research into the Japanese economy and carry out comparative studies of Japan and the economies of other countries including the UK and EEC members.

Money for the centre has come officially through the Japan Foundation, the Japanese equivalent of the British Council, with equal contributions from the two companies.

Pictured above at the ceremony are (left to right): Sir Huw Wheldon, chairman of the Court of Governors of LSE, Dr. Toyota, Mr. Saiji, and Professor Dahrendorf.

Railway group favours Rodgers plan

BY PAUL TAYLOR, INDUSTRIAL STAFF

A ROLLING programme for large-scale electrification of British Rail's main lines is likely to be recommended by a British Rail and Transport Department working party.

The working party, under the joint chairmanship of Mr. David Bowick, a British Rail vice-chairman, and Mr. John Palmer, Under-Secretary for Railways in the Department of Transport, is due to hold its first formal meeting later this month.

It is understood that preliminary meetings have suggested that the working party favours some form of rolling programme for electrification, probably based on suggestions made by Mr. William Rodgers, Transport Secretary, in a discussion paper published last week.

He suggested that large-scale electrification could create jobs and save 700,000 tonnes of fuel oil a year while helping to use Britain's present and future surplus of generating capacity.

Britain has well down the international table for railway electrification with only 2,341 miles, or 21 per cent of route mileage electrified.

Electrification has taken place on a selective and piecemeal basis. Mr. Rodgers suggests a three-stage accumulating programme covering 17 years.

The first stage, called Situation A, would raise the electrified route mileage by 370 miles to about 2,700 miles with infrastructure capital costs of £200m. This would complete the inter-city elements already included in British Rail's current long-term investment forecast.

The second stage, Situation B, would increase electrified track mileage to 4,100 miles at a cost of £530m and would electrify primary main routes.

Stage three, Situation C, would increase electrified track by 2,970 miles to 7,070 miles at a cost of £1,200m, and result in the electrification of nearly all the remainder of inter-city routes.

UK fuel-saver may be made overseas

BY SUE CAMERON

A BRITISH invention, said to be capable of cutting motor fuel costs by 25 per cent, is likely to be manufactured overseas because of the lack of interest shown in it by UK companies.

Dr. Alan Williams, a mechanical engineering researcher from Cardiff said yesterday he is negotiating manufacturing licensing rights for his petrol-saving device with a French concern.

The deal, which would give the French manufacturing rights for the whole of Europe including the UK, almost certainly would go through unless British concerns started taking a real interest in the device.

Dr. Williams and Mr. Ken Pleass, his step-brother, also a mechanical engineer, took out a provisional patent on their device—known as a carbon economiser—in 1977 and sub-contracted production of it began last week in Wales. Nearly 2,000 a week are being manufactured and 2,000 a month will be exported to Scandinavia.

Dr. Williams says that about 20 per cent of the petrol used in motor engines escapes down the wall of the carburettor and is lost. His economiser stops the petrol escaping, collects it, re-vaporises it and pushes it directly back into the induction manifold.

Tests of the device at the University of Wales have shown it can bring about a mean saving of 25 per cent of petrol.

Negotiations are under way to grant licensing rights for production of the economiser in Australia and South Africa.

U.S. companies have shown interest in it. Dr. Williams said reaction in Britain had been extremely slow.

"I would like to grant licensing rights to a UK organisation and have the economiser manufactured in Wales," he said.

"But all the people who have approached us in the UK have asked for more test—even though it has been tested by the University of Wales."

Britain 'leads world' in research into energy from ocean waves

FINANCIAL TIMES REPORTER

BRITAIN IS "way ahead" in the research and development of systems for generating power from ocean waves, according to Mr. Clive Grove-Palmer, programme manager responsible for wave energy at the Government's energy technology support unit at Harwell.

The current official budget for research into these devices—it was £68,000 when research began in 1974—is about £2.5m, or about a third of all the funds available for work on so-called renewable energy sources. They include solar systems, tidal barrages, wind turbines, and organic energy conversion projects.

Most observers expect this budget to be significantly increased soon, reflecting sustained enthusiasm among senior energy officials and Government Ministers for the development of alternatives to nuclear and fossil fuel.

A few weeks ago Mr. Alex Eadie, Under-Secretary of State for Energy, said wave power was "not just a boiling pipedream" when he attended the first sea trials of Sir Christopher Cockrell's energy raft, one of four devices, being investigated with financial support from the Department of Energy.

This week Mr. Stephen Salter showed at the University of Edinburgh a new and enlarged wave tank in a 1,000,000 laboratory specially designed to test devices to be the break-even figure for any system in competition with existing methods of power generation.

The new tank can model three-dimensional waves on a 1/50 scale, simulating the effects of a real sea on arrays of "duck" moored off-shore. These will convert the wave energy into hydraulic energy which will be used to drive Pelton wheels.

Mr. Salter, who gave evidence at the Windscale inquiry in support of alternative energy possibilities, said he believed that, if priced correctly, wave devices could produce electricity at a cost of roughly £1,000 per kilowatt in four or five years. This is generally considered to be the break-even figure for any system in competition with existing methods of power generation.

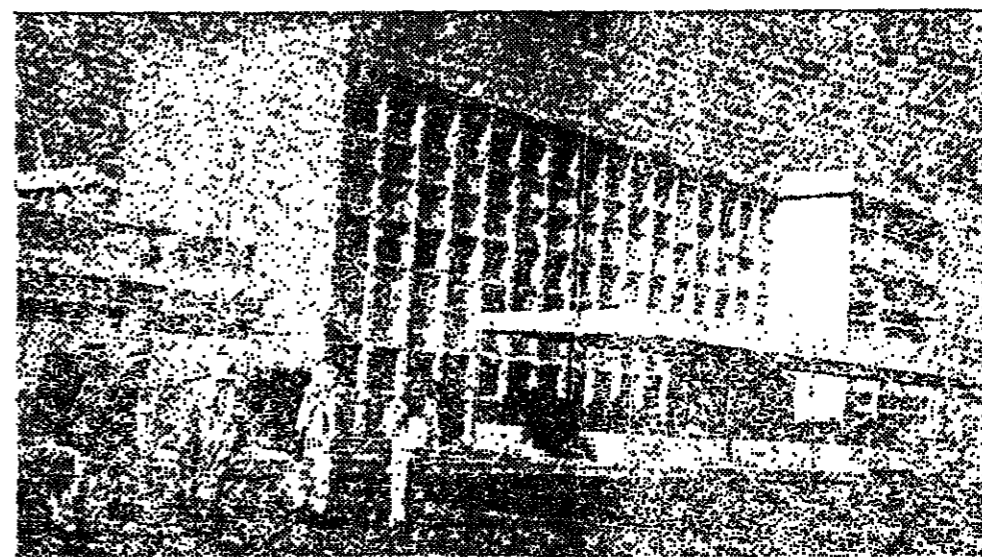
Education - Pillar of Qatar's Progress



H.H. Sheikh Hamad bin Khalifa al-Thani distributes prizes during celebrations marking Education Day



H.H. the Emir Sheikh Khalifa bin Hamad al-Thani



Faculty of Education Building, University of Qatar

Education is one of the cornerstones of Qatar's far-sighted development policy. Per capita expenditure on education is among the highest in the world, with the 1978 Budget allocation being QR 485.1 million (£69.3 million).

All Qatari students are given grants and assistance by the State, while every inhabitant of the peninsula is entitled to free schooling without restriction by nationality, age, sex or ability. The statistics show some remarkable developments. In a country whose total population is just over 200,000, 33,888 are currently attending school, 16,316 of them girls, compared with the 1956 figure of 1,388, all boys.

Qatar participates in the Supreme Council for Higher Education, set up in April 1977 in Mecca by the Education Ministers of the Arab Gulf States. It is also associated with the Gulf Bureau of Education, based in Riyadh, and the new Gulf Educational Research Centre, which will operate from Kuwait. Curricula follow those laid down by the Cultural Agreement of the League of Arab States, with minor adaptations to the particular requirements of Qatar.

In general, teaching content is geared to the requirements of the country's development programme. Pure and agricultural sciences are taught from primary stage, and the new mathematics at intermediary and secondary stages. As well as general secondary schools, the Secondary Commercial School provides a three-year course for boys in office skills and routines, the Doha Technical School gives a wide range of technical training, and a number of teacher training institutes for boys and girls supply primary school teachers. Secondary school attendance increased from 911 in 1970/71 to 3,280 in 1976/77. School leavers who complete satisfactorily receive a General Secondary School Certificate or its technical equivalent.

Up till now, the country has been heavily dependent

on non-Qatari teachers, which is contrary to the State's policy of Qatarization. With this in mind, holders of the Primary Stage Teaching Diploma have had their basic salaries increased, and newly introduced three-year in-service courses enable them to upgrade their qualification to the Diploma of Qualified Teacher. The University runs evening courses for intermediary and secondary school teachers which last eighteen months, and qualify the participants for a General Diploma of Education, besides offering the possibility of further study abroad.

The first 117 graduates of the University of Qatar, 79 of them women, received their degrees last year, and 81 teachers were awarded diplomas. Enrolment in the academic year 1977/78 was 925, of whom nearly two-thirds were women. A self-contained campus is under construction at an estimated cost of QR 740 million (over £105 million). The State Library, with its magnificent collection of rare manuscripts and books, will eventually be relocated there.

The University is open to any Arab student whose father is resident in Qatar, and provides scholarships to Arab-speaking students from friendly countries as far afield as Ghana and Tanzania. Arabic is the medium of instruction, though the English Department provides courses for all faculties. The American credit-hour system is used.

In the academic year 1976/77 902 students were sent abroad on scholarships, compared with 209 in 1970/71. They are scattered over 15 countries in the Arab World, Asia, Europe and North America, with the majority in Egypt, Lebanon and the USA.

Adult education receives a great deal of emphasis, hardly surprising given the swift pace of development in Qatar in the last few years. Government employees can attend three-year evening courses leading to better jobs, and by mid-1977 over 2,000 attended. A number of specialized

institutions exist: the Regional Training Centre, set up with the help of the ILO in 1970, whose courses now conform with the London Institute's City and Guilds; the Ministry of Education's Training and Career Development Department, which trains Qatari civil servants for up-grading and to replace expatriates; the Management Institute, providing a two-year in-service course for Qatari employees in administrative posts; and the Foreign Language Institute, providing free tuition with the latest techniques in a number of languages, including Arabic for foreigners.

In 1977 over 2,000 women enrolled in the newly established adult literacy courses inaugurated at purpose-built centres. 720 men were already attending similar courses.

A number of private schools also exist, catering mainly for the children of expatriates.

Qatar provides its youth with a highly advanced educational system in schools built to the latest international specifications and housing the most modern equipment and teaching aids. The ratio of pupils to teachers is 23:1, on a par with the most advanced nations. Enormous strides have been made in the last few years. The importance attached to education was again emphasized earlier this year by His Highness the Heir Apparent and Defence Minister Sheikh Hamad bin Khalifa al-Thani on the 17th anniversary of the National Day of Education, and its role is clearly stated in the State's provisional Constitution, which calls for "the promotion and guarantee of education as a means to expand culture and as the pillar of progress and the well-being of society".

For further details contact: Press and Publications Department, Ministry of Information, P.O. Box 5147, Doha, Qatar. Telephone: 321540/4 (5 lines) Telex: 4552 QPRESS DH

HOME NEWS

Redpath goes into offshore design market

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH STEEL Corporation's Redpath Dorman Long, has set up a new company with French and U.S. associates to enter the offshore design market.

Mr. David Waterstone, Redpath's chairman, said yesterday that the new company, Redpath Offshore Design Associates, was already bidding for a major design and fabrication contract for the Enchova Field production platform in Brazil.

If the bid were successful, much of the Enchova platform could be built at Redpath's metal yard in Fife, Scotland—worth worth millions of pounds.

Redpath Dorman Long's partners in the new venture are the offshore designers Lowell Johnson and Associates of Tulsa, Oklahoma—responsible for design of the Brent A and Auk production platforms in the North Sea—and Technip-Geoproduction of Paris, the old development offshoot of the French Institute of Petroleum.

Redpath Offshore marks a further development in the widening interests of Redpath Dorman Long. In April the company joined the Dutch De Groot undertakings to operate the Methil yard under the name Redpath De Groot Caledonian.

Whitehall spending rose at year-end

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing figures for the first three months of this year tentatively confirm evidence of a pick-up in Government expenditure towards the end of the 1977-78 financial year.

The rise in spending does not appear to have been any greater than expected: yesterday's Central Statistical Office figures show the public sector borrowing requirement for 1977-78 to have been £5,580m, or £133m less than the provisional estimate made in the Budget report.

The small difference apparently is explained by an adjustment to National Savings interest payments.

The figures highlight the rise in public sector borrowing during 1977-78. The total for the January-to-March quarter of £1,970m, on a seasonally adjusted financial year basis, was £870m higher than in the previous three months.

The Central Statistical Office suggests that there may have been some erratic movements in recent quarters, notably on local authority borrowing.

PUBLIC SECTOR BORROWING REQUIREMENT		£m
1975-76		10,583
1976-77		8,582
1977-78		5,576
1977-78 1st		1,571
2nd		926
3rd		1,105
4th		1,974
Seasonally adjusted, constrained to financial year totals		
Source: Central Statistical Office		

The figures do not provide clear evidence of what has been happening to local authority borrowing, which rose from £720m in the first half of 1977-78 to £740m in the second six months. This masked a reduction in borrowing from central Government by councils and increased lending by them from the money market in anticipation of a rise in interest rates.

Electric vehicle studies may be funded by EEC

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

STRONG INDICATIONS that the EEC will be prepared to fund development work on electric vehicles have been given to the newly-established European Electric Vehicle Association.

Mr. John Woods, chairman of the UK's Electric Vehicle Association, which has been the main force in establishing the European organisation, said yesterday that the Commission would probably back suitable research projects for companies or groups of companies.

The Commission has already had a significant role in helping to establish the European manufacturers' association, partly because the organisation of the industry is rudimentary outside the UK.

The Commission's backing, which is coming through the industry department under Viscountess Darnley, would also help the European producers to face up to the competitive challenge coming from other parts of the world.

Investment in electric vehicle production has received much more central government support in both Japan and the U.S. than in Europe, and motor companies in these two countries are also putting more funds into this area than their European counterparts.

TANZANIA'S EXPULSION OF LONRHO

'Tiny' Rowland faces an African storm

BY MARGARET REID

TANZANIA'S DECISION to expel Lonrho is just the latest in the series of storms which have blown up around this British-based conglomerate, headed by the dominant Mr. "Tiny" Rowland, in its recent turbulent history.

Lately, the spotlight has tended to be more on the British activities of Lonrho, with such developments as its bid, now under scrutiny by the Monopolies Commission, for Scottish and Universal Investments, the whisky and newspapers concern.

Lonrho has also been grappling with trading problems, which have led it to issue redundancy notices to several hundred workers, at some of the textile businesses it acquired when it took over Brentford Nyrons for £9.8m in 1976 with a Government loan of £4.8m.

But the Tanzanian move again focuses attention on the interests of Lonrho in Africa, where the company's traditional business lies and where its links with Rhodesia were the subject of critical comments, in 1976, in the Department of Trade Inspectors' report. That report is extensively referred to in yesterday's Tanzanian statement.

Only three weeks ago, British Fraud Squad officers asked Lonrho to release certain documents relating to matters involving alleged sanctions busting.

The Tanzanian action is the second setback the company has suffered in the past couple of years in Africa, where Mr. Rowland has long reputedly been close to a number of black leaders.

In May last year, the group was dropped as manager of the oil pipeline between the Sudan, which it had pioneered, against a background of soaring costs and financing problems.

More Home News, on Page 22

Tory attack planned on Wales Bill

By Robin Reeves, Welsh Correspondent

A key element in the Government's Welsh devolution plans—the re-organisation of Welsh local government by the proposed Cardiff assembly—is virtually certain to be deleted from the Wales Bill in the Lords.

Lord Elton, Conservative spokesman on Welsh affairs, said in Cardiff yesterday.

He repeated the pledge of Mr. Francis Pym, chief Opposition spokesman on devolution, that given success in an autumn general election, a Conservative Government would oppose Welsh devolution plans, would still hold the proposed referendum—provided the Wales Bill was on the statute book.

Lord Elton said while there might be a case for a review of local government, the widespread Conservative feeling was that the proposed Welsh assembly, which he saw as a "large local authority," was not the right body to do it.

The Cardiff body would be "hydroscopic." Having drawn as much power as possible from Westminster, it would aim to gain further power at the expense of existing local government. The task ought to be carried out by a "national" review body, which would consider the implications for the UK as a whole of the Welsh assembly would do the job "with its back to Offa's Dyke."

Swiss in talks on tax rules

DISCUSSIONS have been held between the UK and Swiss governments about a new double-taxation convention.

The convention will cover the estates of deceased persons, inheritances and gifts to replace the death duties convention, which was put together in 1966. Further discussions will take place in Switzerland.

Beware of Labour's silver lining—Howe

BY PHILIP RAWSTORNE

SIR GEOFFREY HOWE, Conservative Shadow Chancellor, has tonight warned the country not to be misled by the Labour Government's economic "silver lining."

Twelve months from now, prices would be rising again, the economy near stagnation and the fall in unemployment ended, he said at a Tory meeting in Kirtlington, Oxford.

"The fundamental problems remain to be tackled. Nothing in Labour's record suggests that they have begun to understand what needs to be done."

A Labour Government with a majority would only make things a lot worse, he said.

A vote for Mr. Callaghan is a vote for Mr. Benn; for more nationalisation and for less enterprise, for more equality and for less opportunity.

"A vote for Labour is a vote for an increasingly seedy society, for an increasingly sick economy."

The British people should not be lulled into torpor by Labour's brief pre-election boom.

A Conservative Government could work with the trade unions, Mr. Geoffrey said. But it would have to question some of their attitudes.

It would have to go on urging

£83m board mill scheme opens

AN £83m EXPANSION project which will triple the capacity of Thames Board Mills Duplex Mill at Worthington, Cumbria, was inaugurated yesterday by Mr. Eric Varley, Secretary of State for Industry.

Mr. Varley said he regarded the project as a new investment in the north-west of England, but also in national terms.

It was the biggest private investment project in the board industry.

Mozambique port of Beira and Umtali.

The report on the group two years ago by Department of Trade Inspectors—who were appointed after the 1973 Boardroom row and Mr. Edward Heath's reference to the company as the "unacceptable face of capitalism"—had some remarks to make about sanctions.

In one passage the inspector said: "We do not accept the company's submission that Lonrho has not been able to control the Rhodesian operation." It appears to us from the evidence... that the directors in London have exercised a measure of control over Lonrho's copper mining activities in Rhodesia.

We accept, however, that there is nothing in the sanctions legislation which requires Lonrho to divest itself of its Rhodesian assets.

At another point, the inspectors reported that: "On the basis of the evidence available to us it is our opinion that Mr. Rowland was at the times indicated more closely involved in matters relating to the financing and in consequence the development of the Inyati and Shamrock copper mines in Rhodesia than was consistent with the terms of UK sanctions legislation."

Statements by Lonrho afterwards strenuously contested the findings in the report, which are now referred to in the Tanzanian statement.

In the concluding sentence, the inspectors said: "We believe that Mr. Rowland has a great deal to offer Lonrho and its shareholders, but his achievements will be all the greater if he will allow his enthusiasm to operate within the ordinary processes of company management."

Oxford Fellow to settle Post Office hours claim

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has called in a leading industrial relations observer to settle a dispute over a claim for a 35-hour working week by Post Office engineers.

Lord McCarthy, a fellow of Nuffield College, Oxford, has been asked by Mr. Eric Varley, Industry Secretary, to conduct a special review of the dispute after the breakdown of negotiations.

Industrial action since last October after a conference decision of the Post Office Engineering Union has meant that 65,000 people are waiting for telephone connections in the country, 3,000 of them in London. Equipment worth £7m is lying idle and installation of another £40m-£50m worth of equipment has been delayed.

The Government's announcement yesterday comes on the eve of the union's conference in Blackpool which on Tuesday is due to debate the campaign for a shorter week.

The issue is separate from wage talks and the union has been offered a stage three deal within the 10 per cent guidelines for July 1. Mr. Varley is due to address the conference tomorrow.

It also comes at a time when unions are backing demands for a cut in the 40-hour standard week for manual workers as a way of creating jobs. The Government is aware that any concession to Post Office engineers could be pursued quickly by other public sector employees.

The Union of Post Office Workers said last week it would want the same treatment.

The Department of Industry said that recommendations made by Lord McCarthy would of course have to be subject to the pay policy ruling at the time.

Under the present stage of income policy, reductions in working hours have to be set against the limit, or achieved by self-financing productivity schemes. The Post Office Engineering Union has rejected these stipulations.

Lord McCarthy's terms of reference are to establish how the union and Post Office positions can be reconciled, to promote, and procure, all speed settlement of this dispute.

Firemen's 42-hour week talks adjourned

By Nick Garnett

NEGOTIATIONS BETWEEN employers and fire service union on a 42-hour week, after a 35-hour working week were adjourned last night with both sides still a long way apart. The talks will be resumed next Friday.

Local authorities, however, are being advised to start recruitment of firemen towards the levels needed for the introduction of a 42-hour week rather than the existing 48-hour week.

Mr. Brian Rushbridge, secretary of the employers' side, said after the talks that this was done as a sign of "good intent. We are embarked on a course that will lead us to an agreement."

The employers are still insisting on a three-shift system rather than the existing two which the Fire Brigades Union has maintained must be kept.

There are also disagreements on fire cover planning including minimum standards, use of appliances, holiday and duty cover.

Mr. Terry Parry, the union's general secretary, said the two sides were still a long way apart.

The employers have watered down their proposals on non-fire fighting duties which they say must be increased to make more cost-effective use of firemen's time.

Manning

They are no longer suggesting extra work cooking and some types of cleaning, Mr. Rushbridge said firemen would not be asked to do anything incompatible with their recognised skills.

The union warned that they will go ahead with applying the 42-hour week in November irrespective of whether manning levels have been raised.

The employers are committed to the November date, providing negotiations with the unions can be resolved successfully.

Some union regions are also pressing for industrial action, including strikes if the talks with employers are unsuccessful.

O'Brien looks likely to win

MR. OWEN O'BRIEN, general secretary of the National Society of Operative Printers, Graphical and Media Personnel, is expected to emerge undisputed victor in the election for his post when the result is declared on Monday.

His opponent was Mr. Barry Fitzpatrick, who works for the Thomson Organisation in London.

The campaign was marked by allegations of financial impropriety against the union's leaders.

A report from a firm of solicitors into financial transactions and the sale of the union's premises in Blackfriars Road, London, will be considered by Natsopa's governing council before the delegate conference in Eastbourne in a week's time.

NALGO leader denies 'sellout'

BY PAULINE CLARK, LABOUR STAFF

MR. GEOFFREY DRAIN, one of the top six TUC negotiators, denied yesterday that any "sellout" was contemplated in recent talks with Ministers about what should follow Phase Three of the current pay policy.

He said this speculation was "wholly false" and misinterpreted Mr. Drain, general secretary of the National and Local Government Officers' Association, was fending off a militant motion at the union's special town hall workers' pay conference in London. Scottish delegates had urged outright confrontation with the Government in current pay negotiations.

Delegates, rejected by a hefty card vote majority (350,594 votes to 187,711) the motion to ignore the Government's 10 per cent pay guidelines in current wage negotiations.

About 445,000 town hall workers are due for settlement on July 1. Their acceptance to the Phase Three guidelines is seen as a crucial last hurdle for the Government in the current wage round.

The Glasgow District Branch submitted the motion which referred in joint trade union and Government proposals to impose permanent control on wage bargaining in the public sector. Mr. Drain said that it was "great bogey" had been reared on a flimsy basis.

It had to be recognised that wage bargaining in the public sector and its use of the government would take a form as an economic regulator.

Hospital electricians to meet Ennals on pay

BY PAULINE CLARK

UNION LEADERS representing about 8,000 hospital electricians are to meet Mr. David Ennals, Secretary of State for Health Services, next week in an effort to prevent a strike over a pay claim.

The Electrical and Plumbing Trades Union gained backing for the industrial action over a six-month overdue claim for parity with electrical contractors at a special national conference in London yesterday.

Although the Government has claimed as "discriminatory" and rejected the claim as being "unfair."

Bank dispute continues

WORKERS IN a dispute at the Bank of England's printing works in Loughton, Essex, will not decide until Tuesday whether to call off industrial action which has stopped distribution of notes for two weeks.

The workers, members of the Society of Graphical and Allied Trades, held a mass meeting yesterday. They expect management to consider giving them a post-emptory closed shop.

Brewery bonus restored

By Philip Bassett, Labour Staff

ALLIED BREWERIES will resume productivity bonuses of £8.50 a week for 1,100 workers at the Ansell's brewery in Aston Cross, Birmingham, from Monday. An agreement was reached yesterday with the Transport and General Workers' Union.

The payments were stopped last month when the union said there had been no real improvement in productivity to justify the money. About £200,000 was paid out between September and the end of the stoppage.

Mersey urged to boost image

BY RHYS DAVID, NORTHERN CORRESPONDENT

A MERSEYSIDE charter for aid to this sector were intended as generously as improving the area's reputation with potential investors is one of a series of recommendations in a report by consultants for the Department of Industry.

The study was commissioned last year to look into the chronic unemployment problems of Merseyside. It concludes that the area can be regenerated, but that the effort will have to come very largely from within.

It urges a new specific approach to attracting industry to the area, aimed at trying to isolate individual products and companies that might do well.

The alternative approach—waiting for inquiries and then following them up—is both expensive and highly competitive.

The report notes that Liverpool, with its above-average dependence on service industry, could be greatly helped

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The figures showed the number of working days lost in different parts of the country.

Even after adjustments for the strike in the docks, the motor industry and shipbuilding in some areas, Merseyside still had two and a half times the national average of days lost.

The report remains a major part of the Merseyside economy and of large-scale modernisation, says the report.

A continuing decline in oil and non-oil traffic is forecast to reduce the area's income by £100m a year, says the report.

An early start on modernising facilities to produce a smaller, more efficient port operating at a higher level of productivity is urged. This would help to encourage the working of the area's economy and help to restore the area's reputation as a centre of commerce and industry.

Success behind a smoke screen

BY RICHARD LAMBERT AND ANDREW TAYLOR

THE NEWS that Rothmans International is poised to acquire for cash a substantial holding in a sister company, Rothmans of Pall Mall Canada, means a rare appearance in the headlines for one of the world's most powerful and secretive industrialists—Dr. Anton Rupert, who heads the multinational Rembrandt Group of South Africa.

Dr. Rupert organised the formation of Rothmans International in 1972, when his substantial European tobacco businesses were joined together around Carreras of the UK.

His interests now control 50 per cent of the votes in Rothmans International, a group which in the year just ended could have earned profits of about £75m before tax.

In addition, Rupert interests also include almost 86 per cent of the Canadian Rothmans, which earned £24.5m (£12m after tax) in the year just ended.

Rothmans is Canada's second biggest tobacco business—behind R.J.T.—and it also has a 50.1 per cent stake in Carling O'Keefe with breweries in Canada and Ireland, together with investments in wine production and oil and gas operations.

Dr. Rupert claims that the Rembrandt Group is the fourth largest cigarette manufacturer in the world, but he is more than a tobacco baron.

Rembrandt is also among the world's ten largest brewery and distillers, has major African interests, and last year acquired a 20 per cent stake in Volkskas, South Africa's third largest bank. Rupert interests also have a significant holding in the large U.S. conglomerate, Liggett and Myers.

The most successful Afrikaner businessman has trained as a chemist at the University of Pretoria and after five years as a lecturer began his business career in the early 1940s when he began a small pipe tobacco business. Links with Rothmans started in 1948 when he won a concession to manufacture several of Rothmans' cigarette brands.

Published information from Rembrandt gives few clues as to how the group has progressed from this modest base to its present size. The most recent report and accounts just 16 pages long, shows profits before

tax of R97.5m (£62m) and pretax little else.

For example, there is no mention at all of Rothmans in the document, or of any other subsidiary. Unlike Anglo American, for example, Rembrandt, under section 310 of the South African Companies Law, does not give any details of its foreign interests.

In spite of this, Rothmans International is one of the most important parts of the Rupert empire, and is an extremely successful company.

Its profits took a dive in 1975 and there have been occasions when its high balance sheet was brought about by the way the company was put together in 1972—have been a source of concern to the stock market.

In the last few years, however, profits have moved ahead impressively, and Rothmans has been one of the major beneficiaries of EEC-led changes in UK tobacco tax.

Rothmans market share in the UK has jumped from around 6 per cent to well over 10 per cent.

But like virtually all the major tobacco companies round the world, the group has been talking for years about the need to diversify away from tobacco.

It has been slower to make this step than other tobacco majors, like Imperial Group or B&W, and in the event what it has done is to diversify into a patchy financial record with erratic swings in profits in recent years. One of the big problems has been in brewing in the U.S.

The company has now extricated itself from the troublesome Carling National Breweries by selling its interest to—guess who—another Rupert company.

In yesterday's preliminary announcement of the latest bid, discussions, Rothmans said that

"The Canadian tobacco interests would be a logical extension to the business of the Rothmans International Group and operational advantages are envisaged."

The interests in beer, wine, oil and gas would represent for Rothmans International a "diversification" through which a bid would be financed, a measure of beneficial diversification.

If successful, the bid will provide a major extension of Rothmans' international tobacco interests into North America with the Canadian Rothmans manufacturing such brands as Craven "A" Peter Stuyvesant and the Rothmans king size. It will also turn Rothmans into the undisputed flagship of Dr. Rupert's tobacco empire.

However, it is clear that discussions are still at a relatively early stage and it could be several months before they are completed. The banks advising Rothmans in the deal, Rothschild and Orion, are going to have to come up with a formula which not only satisfies the Rupert interests but also those of the substantial public shareholdings in the company.

Gilts drift down

DEALERS drifted back with reluctance to the Stock Market on Tuesday after the sun-soaked holiday week-end, and by yesterday they must have been wondering whether their diligence has been at a very low level, and the 30-Share Index has drifted off by just under a point over the four trading days. The gilt-edged pitches continue to be much more gloom, moreover, and the Government Securities Index has hit new 1978 lows on three days out of four. The politicians, at least, have been taking a week off, and the City continues to fear a long, hot and uncomfortable summer while the Government plots its election strategy and ignores financial disciplines.

LONDON ONLOOKER

BP unimpressive

British Petroleum's first quarter net income of £80.6m compared with £144.8m failed to impress the market which had pushed the price 14p higher to 890p just prior to the release of the results. But the price crumbled immediately after the announcement and closed on Thursday at 878p, a gain of only 2p on the day. The price continued to weaken on Friday and it closed at 868p. The first quarter figure of £80.6m was at the lower end of a range of estimates by leading analysts. The principal differences arose because of difficulties in establishing an underlying profits trend; BP's accounting systems are extremely complex. Also there had been some over-estimation of the contribution from the North Sea and problems in anticipating the movement in sterling and the impact value changes have on results.

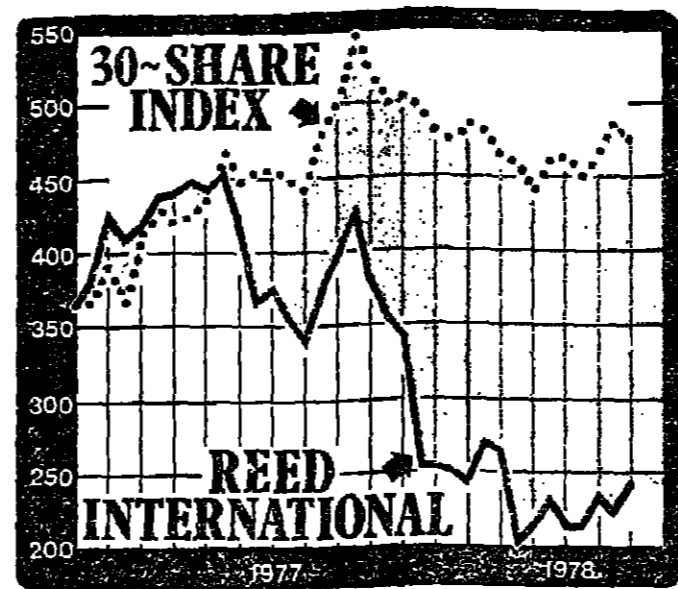
Reed's problems

Shareholders in Reed International could draw some comfort from the preliminary results announced on Thursday. Although the evidence of the underlying profits trend; BP's accounting systems are extremely complex. Also there had been some over-estimation of the contribution from the North Sea and problems in anticipating the movement in sterling and the impact value changes have on results.

after initial enthusiasm had pushed the price at one time to around 130p. The management was clearly out to convey that Reed's large problems were in hand and it bolstered this impression by stating that the reduced dividend of 8p for 1977-78 (against 13p last time) would be repeated for the current year. The chairman added that the pruning and re-organisation of Reed's Canadian interests—measures which cost the company £25m last year—were taking effect and that this area was now moving steadily back towards profit. Reed's main problem remains debt—an unfortunate quantity of it in strong currencies.

Swan Hunter

Swan Hunter this week revealed that its shareholders are going to have to wait for the cash distribution it promised in its last annual report. The group is apparently planning to put its parent company into voluntary liquidation followed by a distribution to shareholders of some of the cash currently in the balance sheet plus the compensation due from the nationalisation of its shipbuilding interests last year. Shareholders would then get a distribution of shares in the continuing business interests. The group which announced its interim results this week is now saying that these plans will have to be postponed. Swan Hunter and its financial advisers Samuel Montagu and S. G. Warburton said: "That it would not be appropriate or opportune to proceed with the reconstruction until the problems of the UK ship repairing business have been resolved."



It could be several months at least before shareholders will be given full details of how much cash will be taken out of the business for distribution but it is thought that funds approaching £20m—or around 100p a share—currently available for distribution even before taking into account the compensation due.

Northern's shares

The possibility of a large placing of Northern Foods' shares became clear when the group published its interim results this week. It appears that the Samworth family, which will be entitled to a total of 8m Northern shares on completion of the Pork Farms takeover, will probably only be holding on to around 3m. According to Mr. David Samworth, chairman of Pork Farms, the decision whether to accept NF's cash alternative instead of the other 5m shares will depend entirely on how the Northern shares move over the next few weeks. Assuming something like a 7 per cent. placing discount, this would mean that the

Northern shares will have to reach around 98p for a placing to be on. Otherwise the cash alternative would be the more attractive offer. Northern's shares closed the week 2p better at 91p.

Building results

This week's news from Marley and UBM, respectively the country's largest makers of concrete roofing tiles and the second largest firm of builders' merchants, was not particularly encouraging. The upturn in the building industry is in sight but it is taking longer than anticipated to materialise. Of the two, UBM has been especially hard hit by the prolonged building recession. It is reckoned that volume has dropped back by 40 per cent since the boom days of the early 1970s. Though it is noticing a substantial improvement in the first three months of its current year, it is cautious about drawing conclusions about the full year. At least Marley is finding that its traditional roofing tile business is doing better. But its expansion into plastic extrusion which depends on the home improvement and the do-it-yourself market has not responded as well as had been hoped and whereas Marley had been expecting that housing starts in calendar 1978 would rise from last year's depressed 267,000 to close to 300,000, it is no longer so confident. Both Marley and UBM will benefit substantially when the upturn comes.

In an optimistic mood whatever the figures

A THREE-DAY holiday week-end appears to have been just what the New York Stock Exchange needed to shake off some of the worries which weighed down the market last week.

Trading volume, averaging 26m-27m shares a day, has been substantially lighter than of late but the general tone of optimism about stocks remains and was not the slightest bit shaken by the publication on Wednesday of April's consumer

researchers say that U.S. Treasury data reveal that foreign buying started to climb in March when net purchases of U.S. stocks by overseas investors totalled \$492m, which was the highest monthly total since the \$533m of March 1976. Some 65 per cent of the purchases were made by Europeans with the UK (\$194m) and West Germany (\$52m) in the cockpit. Curiously, Middle East oil exporting countries, which have dominated foreign purchases in 1976 and 1977, did not step up their buying. The SIA says that UK purchases reflected not only the renewed strength of the dollar but also the weakening in the pound and the abolition of the swap penalty for the investment dollar premium. Total transactions, that is gross purchases and gross sales, were 45.7 per cent higher in March than in February, 35.9 per cent higher in April than in March while net purchases in April were 30.1 per cent higher than in March.

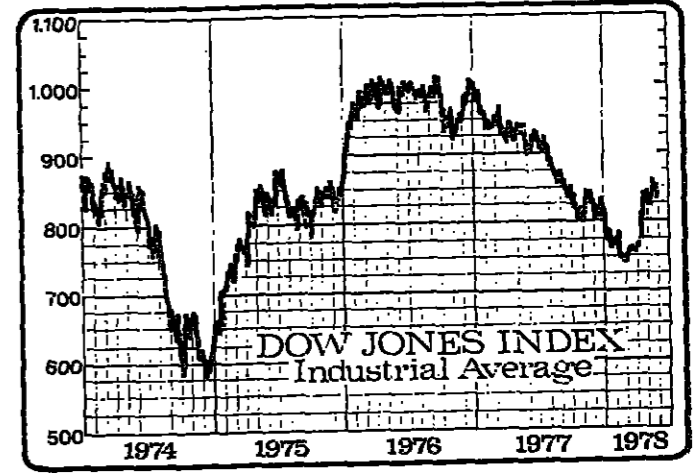
NEW YORK

JOHN WYLES

price figures showing an annual rate of increase of 10.3 per cent.

Some investors were disposed to take some comfort from the double digit pace since the figure was lower than the most alarmist had expected. The news had, anyway, been discounted by the market which decided to avert its eyes and add 6.41 to the Dow Jones Industrial Average. Such behaviour tends to strengthen some analysts' conviction that in the present market cycle the industrial average reached its low in February and that, therefore, the subsequent recovery is likely to endure. Goldman Sachs says in its portfolio strategy for clients that the industrial's low of 742 in February will probably not be revisited first because the recovery of the last few weeks has almost certainly helped persuade investors that equity investment "is not a one way street" and secondly the speed of the recovery was such that many investors were left standing and are now waiting for a period of retrenchment in order to climb aboard.

	Close	Change
Monday	834.20	-2.51
Tuesday	840.61	+6.41
Wednesday	840.70	+0.09
Thursday	847.54	+6.84



MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1978	1978
	Y'day	on	High	Low
Ind. Ord. Index	475.5	-0.6	497.3	433.4
Exchequer 9 1/2% '82 A	92 1/2	-1/8	94 1/2	92 1/2
Allied Colloids	80	+7	90	61
Capper-Neill	76	+6	76	53
Comerco	65	+8	66	45
East Drie	74 1/2	+40	76 1/2	58 1/2
Fluidrive Eng'g	77	+25	82	52
Home Charm	175	+17	175	160
Investment Trust Corp.	246	+38	246	174
Leigh Interests	171	+14	186	134
Melody Mills	90	+10	91	68
Newey	62	+9	62	40
Northern Mining	112	-20	153	9
Nova (Jersey)	50	+10	50	24
Ocean Wilsons	103	+9	107	68
Pentos	89	+7	89	69
Property Partnerships	120	+30	122	64
Siebens (UK)	380	-57	444	226
Whiteley (B. S. & W.)	36	-4	46	36
Wigfall (H.)	213	+20	276	144

U.K. INDICES

	Average	June	May	May
	week to	2	26	19
FINANCIAL TIMES				
Govt. Secs.	69.83	70.31	71.03	
Fixed Interest	71.64	71.95	72.30	
Indust. Ord.	476.2	473.4	479.7	
Gold Mines	154.4	153.9	151.1	
Dealings mtd.	4,686	4,979	5,516	

FT ACTUARIES

Capital Gds.	214.03	211.90	273.84
Consumer	195.84	193.79	197.10
Cons. (Non-Durable)	202.80	201.31	204.93
Ind. Group	211.25	209.39	211.39
500-Share	234.81	233.11	235.16
Financial Gp.	164.47	164.79	168.04
All-Share	216.13	214.87	217.34
Red. Debs.	57.32	57.40	57.80

UNITED STATES GROWTH FUND

Since mid-April share prices on Wall Street have staged a sharp recovery. Whether this upturn in the market represents a brief rally only, or whether it heralds the beginning of a sustained bull market is difficult to determine at this time. Even so, it is our firm belief that the market is now towards the lower end of its present cycle and that, even if the consolidation seen in recent days continues, the scope for capital gains is substantial in the medium term.

Although there are still a number of major problems within the U.S. economy, these have been largely discounted in the present level of share prices, and many shares are still selling at comparatively low levels in relation to companies' underlying assets and earnings. We therefore believe that Wall Street continues to be in a position to record an impressive performance. Furthermore, we believe that Save & Prosper United States Growth Fund with its portfolio carefully selected from the growing areas of American industry is a particularly attractive way to invest in the U.S. market.

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Past performance

Since the launch, the fund's offer price has increased by 114%. This compares with a

rise of 25% in the Standard & Poors Composite Index (151% when adjusted for exchange rates and investment currency fluctuations). As can be seen from these figures, changes in exchange rates and in the investment currency premium can affect the value of your investment as much as stock market fluctuations. An investment in this fund should be regarded as a long-term one. Remember the price of units and the income from them can go down as well as up.

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And to sell. The Managers will normally buy back units from registered holders, free of commission, at not less than the price calculated on the day your instructions are received, in accordance with a formula approved by the Department of Trade. They may also be sold back through an authorised agent who is entitled to charge commission. Payment is normally made within seven days of our receiving your instructions.

Shareholders. The trust is authorised by the Secretary of State for Trade, and is a wider-range investment under the Trustee Investments Act, 1961. The Trustee is a bank of Scotland who holds the title to the trust's investments on behalf of the unit-holders.

Charges. The offer price currently includes an initial service charge not exceeding 5%, and a trailing commission not exceeding the lower of 1% or 1.35%. Out of this, commission of 1% (plus VAT where applicable) will be paid to banks, stockbrokers, solicitors, accountants and qualified insurance brokers on applications bearing their stamp. In addition, a half-yearly charge, out of which management expenses and Trustees' fees are met, is deducted from the trust's assets. This charge is currently 18.75p per £100 on which 9% VAT is payable making a total deduction of 20.56p per £100.

Income. Distributions of net income are made on 1st April each year. These can be reinvested in further units if you wish. Managers: Save & Prosper Securities Limited a member of the Unit Trust Association, 4 Great St. Helens, London EC2P 3EP.

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Save & Prosper Securities Limited, 4 Great St. Helens, London EC2P 3EP. Tel.: 01-831 7601.

Registered in England No. 706725. Registered office as above.

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Please send me the United States Growth Fund units to the value of £ calculated at the offer price ruling on receipt of this application. (Minimum initial purchase £250, £30 for subsequent purchases.) A remittance is enclosed.

My/Ms/Mrs Full Name(s)

Block Capitals Please Address

I declare that I am over 18 and am not resident outside the UK or other Scheduled Territories and that I am not acquiring the above units as the nominee of any person resident outside these Territories. (If you are unable to make this declaration it should be deleted and the form lodged through your UK bank, stockbroker or solicitor.)

Signature Date

Existing United States Growth Fund unit-holders please tick here. If you would like distributions of income to be reinvested in further units please tick here. If you would like the details of the Share Exchange Plan please tick here.

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SAVE & PROSPER GROUP

Schroder Overseas Fund

WHY AN OVERSEAS FUND? To enable UK investors to share in the growth of major overseas economies—such as the United States of America, Germany and Japan—economies which have provided themselves capable of sustained growth in the past.

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Schroder Wagg is a subsidiary of Schroders Limited, the holding company of the Schroder Group and a public company whose shares are listed on the London Stock Exchange. The Schroder Group is an international organisation with interests covering a wide range of financial services in some 18 different countries, including the United States of America, Germany, Japan, Hong Kong, Switzerland, Australia and Canada. Schroders are retained as financial advisers by many international commercial and industrial organisations and pension funds. The investment funds managed by the companies in the Schroder Group are in excess of £2,000,000,000.

INVESTMENT OBJECTIVE AND POLICY. The Fund Managers' investment policy is for the Schroder Overseas Fund to be invested throughout the world, with the emphasis being placed on the achievement of long-term capital growth. However, when considered to be appropriate, the Fund Managers will be prepared to place all or part of the assets of the Fund on deposit, in order to seek to protect the capital value of the Fund.

The Fund may invest in any overseas equity market—either directly or indirectly through appropriate investment vehicles managed by overseas associates of the Fund Managers. With these wide powers of investment, the Fund Managers can use their experience and knowledge of overseas equity markets to best advantage. No-one can guarantee the performance of a Fund of this type. The price of units can go down as well as up, and an investment of this nature should be regarded as a medium to long-term investment. However, Schroders are unusually well-equipped to make the most of any investment situation.

Initially, the Fund Managers intend to invest up to 75% of the Fund in United States markets—which are currently very buoyant—about 15% in Japan, and the remainder in other markets.

All investments will be—directly or indirectly—in the equities of leading 'blue chip' companies in the markets concerned. Investment will be partly through the medium of foreign currency loan facilities, in order to replace the effect of the dollar premium.

HOW TO INVEST. You can invest in this new Fund by effecting a Schroder Overseas Bond—which is a single premium life assurance policy issued by Schroder Life Assurance Limited. Simply complete the application form below and send it to us with your cheque—no stamp is required. Provided that these items reach us NOT LATER THAN NOON ON 13 JUNE 1978, your premium will be invested at the initial net offer price of 100 pence. Thereafter, premiums will be invested at the appropriate offer price.

This advertisement is based on the Company's interpretation of present law and Intend Revenue practice. The accuracy of this interpretation is not guaranteed, and the Company cannot accept responsibility therefor.

APPLICATION FORM

To: Schroder Life Assurance Limited, FREEPOST, Portsmouth, Hampshire PO1 1BR (minimum £1,000 in a Schroder Overseas Bond, and 10 complete cheques for this minimum must be payable to Schroder Life Assurance Limited. Fundamentals that if you receive any application and cheque after noon on 13 June 1978, units will be attributed to your Bond at the offer price determined on the valuation date calculated with or next following the date on which they are received. (BLOCK LETTERS PLEASE!)

Have you ever had any serious illness or specialised investigation or consulted a doctor within the last 2 years (except for minor ailments requiring a single consultation only)? YES NO

Are you in good physical and mental health and free from the effects of any previous illness or accident? YES NO

Signature Date The offer is not available to residents of Eire.

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Registered Office: 120 Chancery Lane, London EC2Y 6DS. Registered Number: 782698 England.

Covenant to daughter

You have stressed recently that joint accounts must be genuinely operated by both joint owners in order to avoid having to apply for probate. My wife and I both earn and each pays moneys into a joint account for housekeeping purposes, but I write all the

You can do the work and deduct the cost of the materials, but not your own labour (or sue for the balance). But you should not wait too long to act, as your claim may be difficult to establish at a later date. After six years (without acknowledgment) both your claim and the builder's claim for the price will be barred.

In the absence of full details of your fiscal position we can only advise in very general terms. However:

(a) The formula used in your present will is unlikely to be advantageous in present circumstances.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

N.E.M. will be charging 8 pence per cent for buildings, 15 pence per cent for contents, but before you rush to buy I must add that insurers have set a minimum premium of £10 for the provision of either buildings or contents cover. You should also note two main restrictions: you have to pay the first £25 of each claim and you have to accept an under-insurance clause which entitles

These brokers are right and there is a real demand for proper basic household cover. NEM should attract a deal business, and other insurers will introduce similar policy contracts.

With the sun blazing down the last few days many people must have thankfully dismissed from their minds the rain and floods of the last few weeks. But all the evidence points from the main house insurers is that on the domestic claims front there was a tremendous surge in the number of claims notified in the last quarter of the year, by about 50 per cent or more. This involves in claims

So perhaps it should end with a reminder of what indemnity means on a contents claim. It does not mean, as so many people think, insurers taking the original purchase price, making deduction for wear and tear and then paying a small sum which has no relation to current replacement cost. Quite the contrary, the starting point of indemnity is current replacement cost, and a number of standard quality items can be used to make deduction for wear and tear having regard to the age and use of the article lost or destroyed: and they then pay the resulting amount.



When he claimed his travelling expenses to Haverfordwest and back, and had his claim rejected, he appealed to the General Commissioners of Income Tax. He proved in front of them that all his duties

employer has two possible candidates for the vacancy, one local and one distant, and the local one is entirely able to perform all the relevant duties on the employers premises, that of itself shows that it is not necessary that the distant candidate be engaged. The worker at home, and the travelling from home, by that distant employee travelling. He would not have contracted on any other basis. And it was impossible to find an appointee who was free to avoid incurring travelling expenses. Lord Reid said so.

The non-deductibility of home to office expenses still remains one of the Revenue's strictest rules.

This latter period started just as the Australian Parliament was pushing the six Bills through, and, in the event, the technical factors governing the market's movements proved more important than the sub-

mining had overall costs of R218.58m (F138.29m) compared with R166.29m in the previous year.

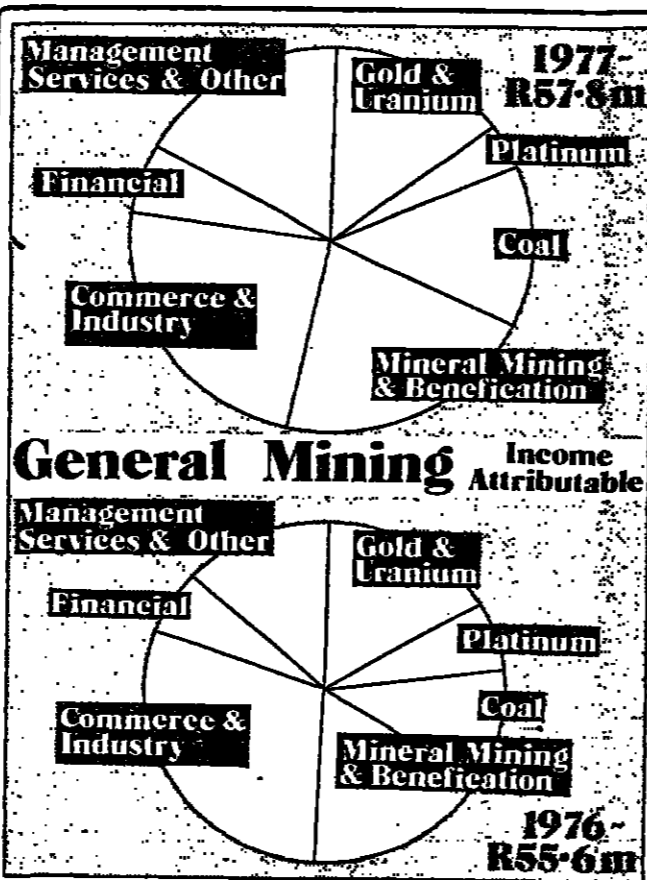
The costs phenomenon is not peculiar to the South African

idea is to use the more exact recovery techniques which have developed over the last ten years to find diamonds in the waste which has built up since the turn of the century.

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YOUR SAVINGS AND INVESTMENTS

Easing the heartache

covers everything from the first marriage preparations to the last day of a honeymoon. The whole policy costs £9.50 for two and for this you will be insured against a number of risks. Wedding costs up to £500 will be paid if the bride or groom, their parents or "near relatives" (this means brothers and sisters) are sufficiently seriously injured so as to postpone the happy occasion.

Thrown in with the same premium you get protection, again up to £500, against damage to wedding presents and loss of wedding and/or engagement rings. Incidentally, it's no good if a guest drops his gift en route to the church—so make sure you hand over that valuable set of Waterford glasses before they break. Then there's compensation if something happens to the wedding snaps—up to

INSURANCE

TIM DICKSON

£25 for loss or "destruction" of official photographs or negatives. Hardly enough to pay for a reconstruction, with full supporting cast, of what after all is a day most of us hope will only happen once!

What's really impressive about this policy, however, is that cover extends to the honeymoon—there may, of course be a moral in that Personal money

Guardian Royal Exchange, and luggage, for example, is in-

Anyone who can show just cause why this insurance policy cannot be paid in full...



sured up to £500 while medical costs against the sickness or expenses of up to £500 per death of bride and groom. For person will also be paid the privilege, you will pay 10 per cent of the total insured sum. On top of that, you can add cover for other specified participants, such as bridesmaids, best man, page or grand-mother.

The extra premium depends on the age and health of the individual and can vary from 1 per cent for an ageing grand-parent. Adam Brothers says the policy is only taken up once or twice a month. The firm does not deal direct with the public so contact your local broker for further advice. Some other insurers—Sun Alliance, for example, are prepared to consider individual cases and will quote you premiums on request.

considerable pension rights on change of jobs compared with staying put and the Government and Trade Unions do not think this is right at all. They consider that an employee should get the same pension irrespective of how many jobs he has in a working life. It has asked the Occupational Pensions Board to look into this question, and the Board, being a democratic organisation, is seeking the views of individuals as well as employers and the pensions industry. You may think this move superfluous in that it is self-

Destroying some myths

SMALL FUNDS perform better than large ones. Unit Trusts provide the investment expertise necessary to outperform the market. Income funds do better than capital funds. Last year's winners are this year's winners. These are some of the guides put forward for choosing a particular unit trust for your equity investment. And they have no basis in fact according to an article in the latest issue of *Management Decision* written by Michael Pirth, a lecturer in accounting at Stirling University.

To understand fully his article on unit-trust performance you need to hold an honour degree in mathematical statistics. But his first conclusion is that the usual form of league tables for performance, based solely on the past returns is spurious because it does not take into account risk. He then develops a highly sophisticated method of measuring performance incor-

UNIT TRUSTS

ERIC SHORT

porating risk and analyses performance over the 10 years to end 1975.

He concludes that there is no statistical evidence of any superior or inferior performance by the unit trust industry. Unit trust managers could not correctly time the market, that is go liquid when a downturn was imminent and thus a strategy of buy and hold is best. There is no evidence that size of fund influenced performance or that there are different performance levels between different types of funds—overseas and specialist funds were excluded.

Mr. Pirth has certainly questioned the time honoured methods of selecting funds and measuring performance. The unit trust industry needs to answer his findings, especially his final one that possibly some attention should be paid to unit trust advertising and that claims of superior investment performance are being made on spurious grounds.

LOCAL AUTHORITIES and the Inland Revenue are both much maligned organisations, but the first at least can offer a reasonable return on a cash investment. And investors can look upon such an investment as virtually as sound as a gilt stock.

Investment in local authorities can be channelled through one of several ways, but basically investments break down into two broad areas. These are stocks and bonds which are quoted on the Stock Exchange or direct investments with an authority which are not negotiable, and with very few exceptions lock the holder in for the duration of the bonds.

Each Wednesday, a list is published of authorities which have placed bonds on the stock market. Most of these have a life of one year, though each week a smattering of bonds up to five years are included. There are even a few variable rate bonds. All the issues share common coupons for the various lengths of life. For example, this week one year bonds were placed with a coupon of 97 per cent, while a few three year issues were offered at 112 per cent.

For the investor, the advantage of these issues is that they can be bought and sold in the stock market at will. Though it is worth noting that most of them are relatively small issues—amounts of £250,000 and £500,000 are common—which means that dealing may prove difficult.

The other quoted vehicle for

Council yields enticing

INVESTMENTS

TERRY GARRETT

authorities is the "corporation market." This is made up of the larger Local Authority issues which are made at irregular intervals and are normally offered to the public by an offer for sale.

Some typical stocks, where marketability is good, were suggested to me by brokers Phillips and Drew. For high rate tax payers the Corporation of London 51 per cent stock dated November 1979 might appeal. This offers a running yield of 3.6 per cent and a redemption yield of 10.3 per cent. A short dated high coupon investment can be found in Lincoln's 13 per cent stock dated 1980. There the running yield is 121 per cent—the stock stands above par—and the redemption return is 11 per cent.

Investors can buy very small

sums of stock through a bank or a stockbroker—as little as £100 if they wish—but obviously there is a point where dealing costs become prohibitive.

Direct investment in an authority normally takes one of two forms, either replying to advertisements or for large organised investors direct dealing through the money market. Many authorities advertise in the Press. The popular Sunday papers carry a fair number of advertisements asking for money, and the Financial Times carries a block selecting a few authorities every week.

The rates and dates of the bonds vary, and investors should shop around to get the best deal. Sometimes two authorities can be offering on the same day bonds of identical duration with different rates.

The Loans Bureau is a good line of attack, for they can supply a comprehensive list of local authorities wanting money and what they are prepared to offer. Their phone number is 01-828 7855.

But with this type of investment there is no secondary market so investors must be prepared to leave their investment alone for the life of the bond.

For larger investors, and here we are really talking of a deal of at least £50,000, investment through one of the money brokers or money sides of the large stockbrokers is the obvious answer.

Personal loans

example, bringing its rates down last October, the Co-op Bank cutting its loan rate to 14 per cent in December and Lloyds coming down only in late January. Until the latest increases spread throughout the system, therefore, there is for the time being a fairly wide spread of rates being offered by different banks.

The changes have also again presented the problems which are regularly associated with the distinctions which need to be drawn between two ways of describing the interest rate charged. National Westminster, the first to move up this time, announced the change in terms of a 1 per cent rise in the flat rate of interest charged on personal loans from 71 per cent to 81 per cent.

This is the rate which is

charged on the initial amount of the loan; but it is not the true cost. Because the loan is repaid in instalments over its life, the average amount of borrowing outstanding is around half the initial loan, and the true interest rate nearly double the flat rate.

For a two-year period, the most popular, NatWest's new 81 per cent flat rate is equivalent to a true interest rate of 16.7 per cent, a rise of 2 per cent from the previous level.

Both Midland and Lloyds made similar changes to NatWest. But in line with the emphasis of the consumer credit legislation, they both quoted only the true rate equivalents. Barclays, which has not so far favoured the upward trend, is the one which stands out. This bank not only quotes in terms of a true rate, but also uses a constant rate. At present, Barclays is charging at a rate of 14.93 per cent, which was reduced from 16.65 per cent last November.

MICHAEL BLANDEN

Changing jobs

MOST INDIVIDUALS are still employers. Such is the desire quite apathetic about their to get their hands on money ultimate pension rights, despite all the publicity over the new State pension scheme, except made whereby employees re-when it comes to changing sign on a Friday night, get a job. Then invariably they refund, and are re-employed on think they know their rights Monday morning. The Revenue want their money back. It has expressed disapproval of usually comes as a shock to such practices and has find out that the Government threatened retaliation has been passing legislation designed to stop them having re-shock at retirement to dis-funds when they change cover that one has lost con-

siderable pension rights on change of jobs compared with staying put and the Government and Trade Unions do not think this is right at all. They consider that an employee should get the same pension irrespective of how many jobs he has in a working life. It has asked the Occupational Pensions Board to look into this question, and the Board, being a democratic organisation, is seeking the views of individuals as well as employers and the pensions industry. You may think this move superfluous in that it is self-

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OR
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What if I need to cash in early?
To maintain this high guaranteed rate of interest we have to keep your money fully invested throughout the 4 year term. If you need your money before the maturity date the Company will quote a special surrender value.

***Your Tax Position**
If you pay at the basic rate (33%) throughout the term of your Bond you should not be liable to any tax on the Bond whether you take your guaranteed bonuses in cash at the end of every year or leave them to accumulate until the end of the 4 years.
If you pay higher rates of tax at any time during the term of the Bond, there may be an immediate tax liability upon part of any bonuses cashed-in at yearly intervals and a further tax liability at the end of the 4 years. If you leave your bonuses to accumulate throughout the investment period there may be a tax liability at maturity. The basis of assessment is complicated, but the Company will be happy to provide details. Alternatively you may prefer to consult your broker or financial adviser. Despite this potential tax liability higher rate taxpayers should still find the Bond is a competitive means of obtaining a guaranteed investment return. There is no personal liability to Capital Gains Tax.

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Your Bond will commence on the day we receive your cheque and the completed application form. We shall issue your Bond policy document shortly afterwards.
This advertisement is based on our understanding of present Law and Inland Revenue practice.
This offer is strictly limited and we reserve the right to withdraw it at any time.

To: Hodge Life Assurance Company Limited, Threadneedle House, 24, Bishopsgate, London, EC2N 4AH FT 3/8

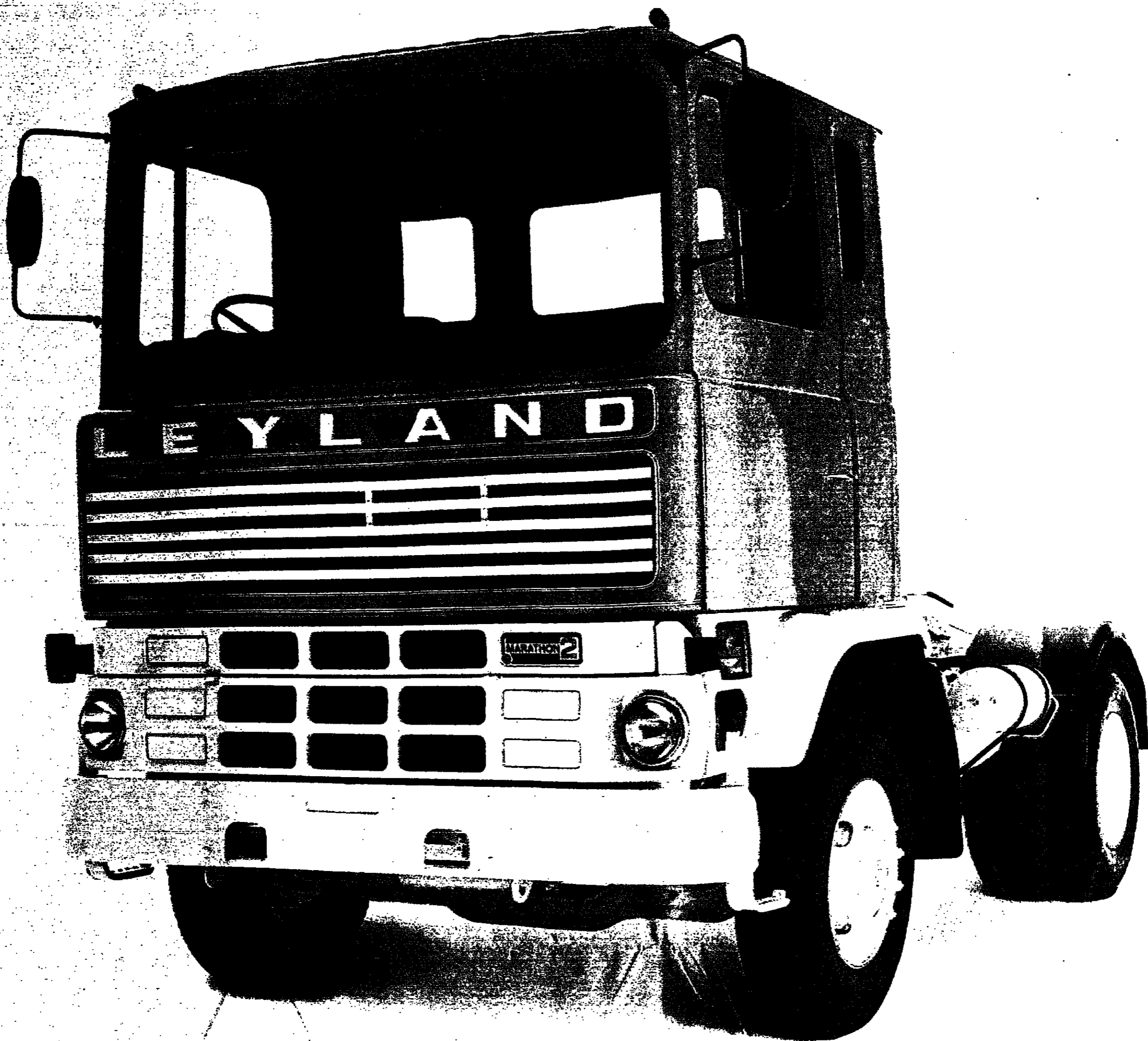
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☐ Please tick if you wish to cash-in bonuses as they arise.

I wish to invest £ _____ (minimum £1,000; maximum £50,000) in a Hodge Guaranteed Investment Bond and I enclose a cheque for this amount made payable to Hodge Life Assurance Company Limited. I am a resident of the United Kingdom and over 18 years of age. I understand that this application will form the basis of the contract between me and Hodge Life Assurance Company Limited.
If you have elected to cash-in your bonuses as they arise please complete the following section:

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LEISURE/FASHION



Mykonos

A choice of islands

ISLANDS, it seems, have a pretty general appeal, even though about all they have in common is that they are bits of land surrounded by water. You would be hard put, for example, to find much other similarity between Tobago and Iceland or Mauritius and the Isle of Man. Perhaps there is one other characteristic that most of them share: a kind of coziness arising from limited confines, which means you don't really need to burn up too much energy in rushing about.

That said, even ignoring Greenland, islands can be pretty big. Iceland is a case in point, and it happens to be one of my favourites, partly because I like that kind of beginning/end-of-the-world scenery, and partly because of the pockets of sophistication that the Icelanders have superimposed on to it. Corsica is another favourite of mine for some of the same reasons (though her uncompromising scenery, though here softened by a fabulous variety of vegetation and balmy coastal areas, not to mention a kinder climate).

If you just like islands for their own sake, you could do much worse than take a cruise in the appropriate part of the world. A recent one of mine by Holland America Line in the Caribbean featured seven islands out of nine ports of call, more of which in the near future. Next autumn, P and O's Island Princess is offering some pretty exotic South Sea island-hopping between Los Angeles and Sydney (33 nights from £2,122, 56 nights from £2,865, including return flight from London). Nearer home, Sun Line's 3, 4 and 7-day cruises concentrate on Crete and other Greek islands of all sizes in the £250-£350 range, with flight from London and half board in Athens to make up the full week where applicable.

Inevitably, shore excursions only give very limited time in any place, and you might prefer combining two or more islands to

for stays of several days. Rankin Kuhn are among island specialists on a global basis, and I have always given their tours brochure top marks for a very fair summary of climate and other honesty of detail. For example: "beaches... are the island's proudest possession" but there are "some pretty unexciting landscapes" (Antigua); or "a lush tropical mountain with its feet in the Caribbean" but "not for the trend setter" (Grenada). Multi-centre island holidays are

TRAVEL

SYLVIE NICKELS

among their special features, as are some bargain offers of three weeks for the price of two in a number of centres.

In Europe, Exchange Travel have recently added Sicily to their long-established arrangements in Malta, Gozo, Cyprus and the almost-island of Gibraltar. In these cases, two-centre holidays aim at showing contrasting aspects of one island (such as the coast and mountain resorts of Cyprus) or sister islands (such as the Maltese capital combined with the quieter tempo of neighbouring Gozo). The permutations are numerous, but the Cyprus combination ranges from £263-£306 ex-London for two weeks, with half board, according to season.

The Canary Islands is another area to provide popular two-island combinations, sometimes extending to embrace Madeira—a particularly good warm-weather pairing when you bear in mind the lushness of the latter and, say, the moon-like qualities of Lanzarote. As an island group, the Azores too can supply pretty well every scenic requirement from the torrid tropical to the highland bleak.

If you are confining yourself to one island, it is obviously

particularly important to choose the right one at the right season. If you want a happy cultural mix of European (French), African, Indian and Chinese, with beaches galore and some lovely scenery, then Mauritius is likely to appeal, providing you don't need a lot of sophisticated services or night life. For that—as long as you are not on a tight budget—you will do much better in trim little Bermuda, remembering that it is much further north than most people think and has a climate far more akin to the Med than the Caribbean. Conservationists will approve of it, too: only a few nasty, smelly motor cars (and none for hire), though watch out for visitors wobbling about on rented mopeds; and new strict legislation protects all corals, sea turtles, marine mammals and a variety of molluscs in the area.

When it comes to costs, it is well worth doing a little homework on the seasonal variations applicable to particular islands in the long haul category. In Mauritius, for example, seasonal variations are relatively small and the year-round costs for two weeks with half board in a good hotel and return flight start at around £550-£600. In Bermuda, average minimums range from around £500 in the low season to from £600 in the high. In the Caribbean, off-season minimums may be lower, but in the high season can soar overnight (around mid-December) to £650 or £750 and more. To make it even more complicated, some Caribbean hotels vary their prices much less than others or will have special arrangements with a tour operator. So it really does pay to look carefully at those rather boring tables.

Finally, a word about islands that fall into a totally different category—little off-shore pockets of protected nature that you can walk around in a few hours with nary a bar or a bingo hall in sight. One such is Handa off the north-west coast of Scotland, which is shared with a handful of other people one sunny June day. The colonies of sea birds and the natural rock gardens clinging to the cliff tops made wondrous assaults on the senses, and ensured the kind of memories that money can't buy.

Some addresses: Holland America Line, 56 Haymarket, London SW1Y 4RZ; P & O Cruises, Beaufort House, 51 Botolph Street, London EC3A 7DX; Rankin Kuhn, 19 Queen Street, Mayfair, London W1X 8AL; Exchange Travel, Parker Road, Hastings, East Sussex TN34 3UB.

Year week-end: £ Austria 25.00, Belgium 25.75, France 32.25, Italy 1.500, Greece 25.00, Spain 32.25, Switzerland 3.39, U.S. 1.82. Source: Thomas Cook.

HOTELS



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In the swim

BY LUCIA VAN DER POST

IF YOU really want to look comme il faut on the beaches this summer there are several looks that are currently very fashionable. One-piece swimsuits have come back in a big way. All of you who remember the early films of Esther Williams and Betty Grable and the days when swimsuits really had glamour will give a nostalgic welcome to a range of very glamorous one-piece swimsuits recently brought out by Strawberry Studio—these have all the authentic film-stylish insignia. Some have ruching down the centre, most have cut-away thighs, some are strapless with bandeaus across the bust while others have just one shoulder strap.

If you feel that's a bit theatrical for you, then racing swimsuits, in particular the very elegant ones made by Speedo, are equally popular at the moment. My feeling about them though is that you need a well-nigh perfect figure to wear them. There is also the perennial bikini. These have become yet smaller, with the two main pieces often being connected by little pieces of string or beads.



This is one of the prettiest beachwear sets around. Made from pure cotton, there is a bikini, £17.75, and a matching wrap-around dress (£42.50). Made by Lactida of France, they are sold by Harrods and there is a wide choice of colours.



PAPERBACKS

ANTHONY CURTIS

"THE DOGS BARK, but the caravan moves on"—it was this Arab proverb that André Gide consoling Truman Capote for some hostile reviews of his early work. All writers should have the saying burnt in poker-work above their desks. Mr. Capote has often been accused of ungraciousness and irresponsibility, of a Barrie-like love of the Peter Pans of this world both male and female, of what used to be called high camp. He once described a tea-party given for Mae West in New York. "Dame Edith Sitwell was invited to pour..." One can imagine the gay shrieks at the idea of such a confrontation which never, alas, occurred. The accusations have a great deal of force behind them yet how well Mr. Capote can write!

I do wish it had been I and not Mr. Capote who described Maclyn Monroe thus: "... the rhythmic writhing of restless poundage wriggling for room inside roomless décolletage..."

I have been acquainting myself with the two early novels on which Mr. Capote's reputation was founded in the 1950s. *Other Voices, Other Rooms* (Penguin 65p), and *The Grass Harp* (Penguin 60p). I see that both these little caravans are into their fourth reprinting since they were first issued as paperbacks in the 1960s. The latter has also been turned into a Broadway play. They are set in the legendary Deep South where Mr. Capote himself was raised; the lush landscape and eccentric adults, white and black, who people it are seen through the eyes of a bright, parentless, lost small boy. In the first book he journeys alone to the singular household of some cousins in search of his father. What he finds instead are parent-substitutes in the form of a female black servant and an older male



Left: Jersey of Sweden is one of the best beachwear labels to look out for. What I like about the company is that it produces co-ordinated collections so that you can usually find a top that goes over a swimsuit, a sundress to slip on over a bikini. This year there is a particularly attractive collection of pale blue and pink beachwear, all in cotton/polyester velvet or cotton jersey. Sketched here is a tiny bikini with string ties (£11.40) and a matching long-sleeved blouse T-shirt (£14.50). If you want a complete beach holiday wardrobe you could also buy matching one-piece swimsuits, a sundress, shorts and a halter top, all at very reasonable prices. The following shops

have a good selection of Jersey beachwear: Harrods, Dickens and Jones, Selfridges, Katherine Draisley of Birmingham, Young Ideas, Ashbourne, Derbyshire and Savina Cooper of Wiltshire. Above: Another example, though this time a very sophisticated one, of the co-ordinated beachwear by Jersey of Sweden. Called 'Diagonals' for obvious reasons, this set comprises a bikini (£11.40), a wrap-around skirt (£17.20) and a 'djellabi' (on the right) for £27.70. This set, only available in black and white, is made from a polyester fabric. All enquiries for Jersey of Sweden stockists should be addressed to: Lynne 'Fashion' 30-34 Langham Street, London, W1.

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6% Debenture Stock, 1978/81. Notice is hereby given that the REGISTER of the CORPORATION's above mentioned Stock will be CLOSED for TRANSFER and REGISTRATION from 19th to 30th June, 1978. Both days inclusive. By Order of the Board, H. J. McCrack, Secretary, 48, Palmerston Place, Edinburgh, EH12 3BA, 3rd June, 1978.

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PROPERTY ADVERTISEMENTS

also appear today on page 13

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1766

EXPERIENCE AND EXPERTISE . . . 343

Chibinda Ilunga, 16 in. high. Sale, Tuesday, June 13.

It is rare indeed for an auction house to be able to sell with near certainty that a piece of tribal art about to be sold is the finest wood sculpture from the tribe concerned in existence. But we are sure, not only that this work is pre-eminent among the eight known examples (all from the nineteenth century or earlier) of the supreme subject of the Jukwe artists of Central Africa—the fifteenth-century culture-hero, Ilunga Katle, nicknamed Chibinda, the Hunter—but that Christie's have never handled a finer wood-carving from the whole of tribal Africa.

Ilunga was, in legend, a Luba prince who while on a hunting expedition fell in love with the Lunda chief's daughter, the offspring of their marriage was Ilunga Katle, founder of the dynasty of that name which still rules in the Lunda. The Jukwe carvers seem to have made these works for the Lunda chiefs; Ilunga is known by his attributes, the staff with a charm attached, the antelope horn and the royal headdress.

The figure was collected by a Fungu painter, Fred Abessia, before 1900.

For further information on this sale and other sales of Tribal Art, please contact Harrods-Waterford at the address above.

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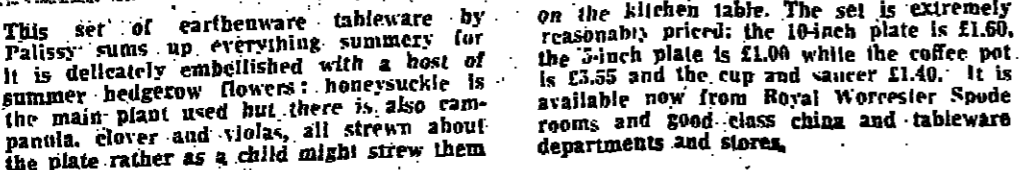
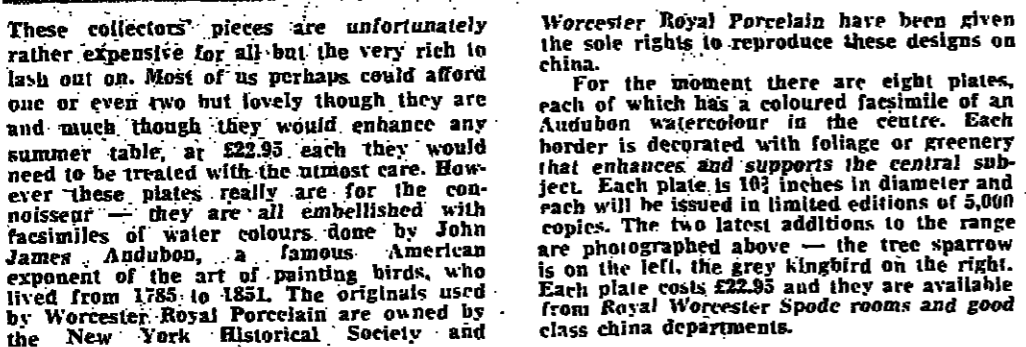
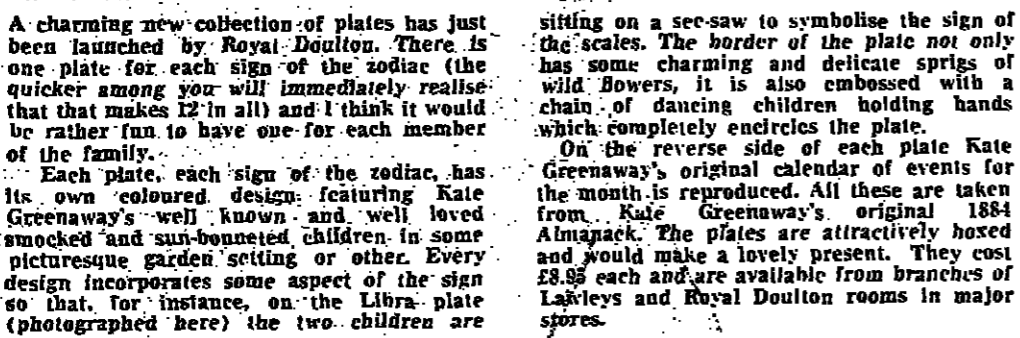
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I **THINK** summer tables should look quite different from winter ones. Just as, by the time summer comes round, I've got so tired of my winter clothes I can hardly bear to look at them, let alone put them on, so I like to change the look of the whole table to be more in keeping with (hopefully) hot, lazy, summer days. In winter I tend to aim for a rather rustic, farmhouse look for family meals, and for guests or evening dinners a more sophisticated, distinctly indoor two-tiered summer come to think in terms of flowers, birds and other outdoor things. For those who like to change their china from time to time here are three new designs from some of our big tableware companies.

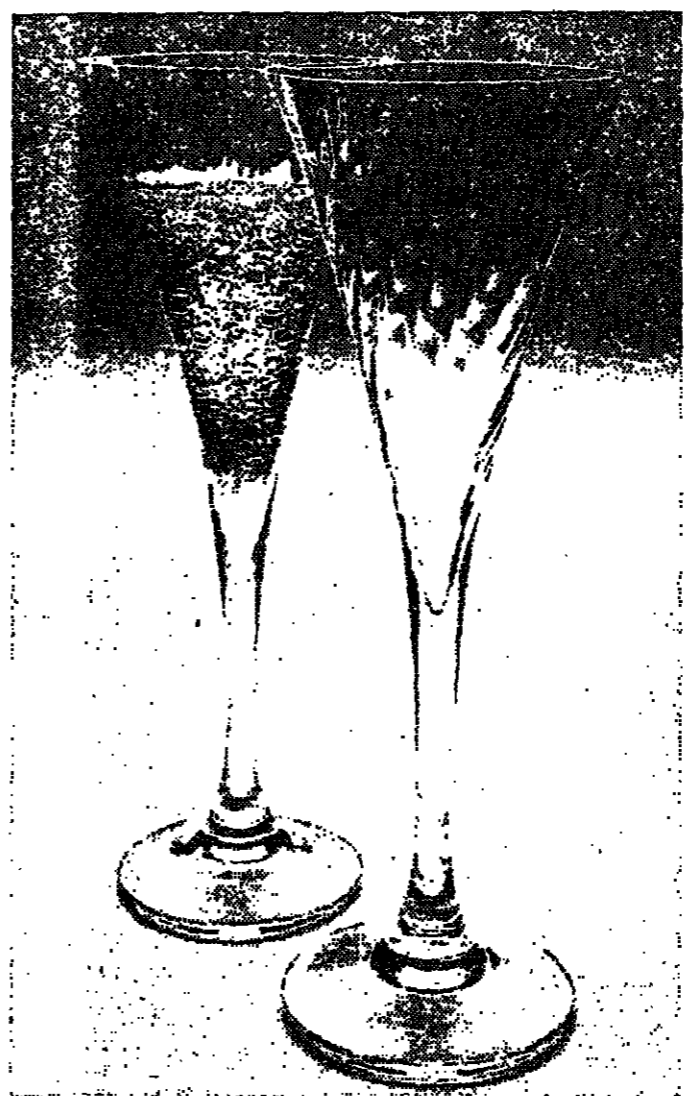


A high-contrast, black and white portrait of a man. He is wearing dark sunglasses and a lei made of white flowers. He is holding a dark object, possibly a drink or a cigarette, to his lips with both hands. The image has a grainy, high-contrast aesthetic, with deep blacks and bright whites, giving it a graphic, almost stencil-like quality. The background is dark and indistinct.

ONE OF the most attractive aspects of summer in my view is the clink of ice in glasses full of cooling - summer - drinks. Because our hot weather is so sporadic and so uncertain most of us don't have the truly formidable array of equipment needed for cooling drinks that is to be found in hotter climates. It is, for instance, almost impossible to track down a really attractive ice-bucket. Few people seem to have fridges with a continuous ice-making facility — almost a standard feature on most American frigids — and also most of our friends, and also ourselves, are too cheap to refresh ourselves with at the end of the day, is pitifully small, though admittedly in Pimms we have one of the most refreshing of all summer concoctions. I hope to track down more genuinely useful hot weather survival equipment in the coming weeks but in the meantime I have three ideas, some inexpensive, one very expensive, to add a little lustre to the summer days.



▲ For drinks on the terrace what could be more practical than this rather elegant pitcher with its removable central cylinder into which you can place ice-cubes to cool but not dilute your summer drinks. The pitcher itself is made from glass with silver-plated trimmings, holds 3.3 pints of liquid and is 11½ inches high. What I like about the pitcher is that without the central cylinder it can be used, equally attractively as, for instance, a coffee jug. The pitcher is quite widely available in retail stores but it can be bought more cheaply by mail order from L. Bowdell (Despatching), P.O. Box 28, Ashton-under-Lyne, Lancs., where the price, postage paid, is £13.95.



▲ Summer is a popular time for weddings and though most caterers still proffer those open cup-shaped champagne glasses I very much prefer to drink my champagne from taller glasses, like these from the Swedish firm of Orrefors. Particularly fine glasses, they are rather too expensive to buy en masse for large weddings, but for smaller celebrations at home they are just the thing. Made from fine crystal with just a hint of a slight ripple effect to the body of glass, these are called 'Paisley', boxed in pairs for £12.60. They are available from Harrods and Liberty in London; C. Bowarth of Dundee, Leclie Creasey of Kincroft, The Friar's House, Cambridge and Hendry Decor of Edinburgh. You can write to Orrefors UK, Cambridge Science Park, Milton Road, Cambridge for a list of stockists.

WHEN I was very young, sunglasses were strictly for filmstars or Mafia chiefs. Anybody else caught wearing them looked miscast. On the odd occasion when I had a sty or conjunctivitis and wore them as camouflage they always brought forth some flippant comment. Instead of, of course, being almost as common an accessory as shoes or handbags. Almost everybody I know has at least one pair, most people have two or three.

However, whereas once it was a simple matter to decide which pair you wanted—you either needed prescription sunglasses, *in which case you went to your optician*, or you bought the shape you liked best—nowadays there are so many new developments it's difficult to weigh the advantages of one against another.

To start at the beginning—do you need sunglasses at all? The answer is that strictly speaking you probably don't. Most healthy eyes are able to make all the necessary adjustments to sunlight; however many people have discovered that they feel much more comfortable wearing them. And their eyes seem less tired. So do I. I don't wear them up and they are often useful camouflage if very tired. I like to wear them to keep the dust out of my eyes in very windy weather.

Which 7. In its report on sun-glasses last June, found that almost all sun-glasses from the very cheap upwards were efficient at keeping out enough glare to stop you screwing up your eyes. Equally, all the lenses were good at excluding the very cheapest plain plastic ones) were efficient at cutting down ultra-violet rays whereas with infra-red rays (which can harm the eyes, though there is seldom evidence in Britain to create much of a problem) the lenses were distinctly better than plastic, while mirror lenses were best of all.

Photochromatic lenses have recently become all the rage—these are lenses that darken and lighten automatically according to the amount of sunlight. The early models used to darken relatively quickly when worn in the sun, but took a long time to lighten again on going inside—this could occasionally be quite dangerous (for instance, when driving and suddenly entering a dark tunnel). However, this year's latest development is the Roconite Rapid lenses and these miraculously lighten and darken quickly to changing light conditions. The lenses are made from

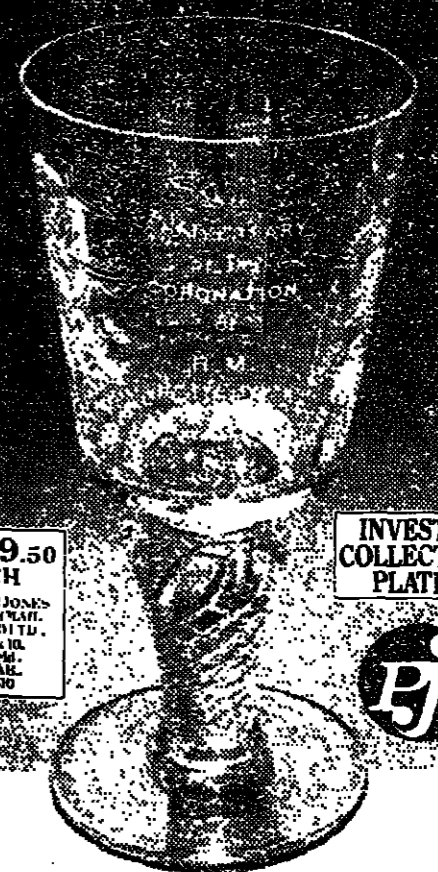
Everybody I spoke to wished to emphasise that it is vital that sunglasses should not be worn in certain conditions—chiefly when driving at night (the new Highway Code, ton, stresses this) or in poor visibility.

Of the main types of sunglasses on sale, ordinary plastic ones are the cheapest. These can be an added strain on the eyes if there is any distortion and a good way to find out if they are any good is by holding the glasses out at arm's length.

Look through each lens in turn, aiming at a vertical object like a window or doorpost. Rotate the lens slightly, and you will find that the lens is of acceptable quality, the vertical image you are looking at will remain still. If it seems to move or alter shape, the quality is poor.

Flawed lenses mean that the eyes have to work harder to compensate for the blurred image so that your eyes may end up feeling more tired than if you weren't wearing them.

Both glass and plastic can provide good lenses—on the whole



The Coronation of Her Majesty Queen Elizabeth II
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COLLECTING/PROPERTY

Personal taste

BY JANET MARSH

LAST WEEK in this column I mentioned the Robert von Hirsch collection, which is to be dispersed by Sotheby's in a series of sales between the 20th and the 27th of June. This week, until June 8, there is a chance to see a selection of von Hirsch's choicest treasures in an exhibition at the Royal Academy. In some cases the works of art are grouped exactly as they were in his home and treasure house in the Engasse in Basel.

Breath-taking as are the individual items, what emerges most strikingly from the exhibition and the four handsome volumes of the sale catalogue (selling at £40 the set) is the personality of the collector himself. It is impossible not to sense that von Hirsch was a man of enormous charm and humanity, as well as of an exquisite and highly educated taste; and this is confirmed by everyone who knew him or visited his collections. (Believing that people should come to art, and not art to people, Hirsch always welcomed students in his home but was reluctant to send his treasures to exhibitions outside Basel.)

As a collector, von Hirsch enjoyed the two inestimable advantages of time and money. When he died last November he was 94; and had begun collecting 80 years earlier when he and his brother together started the collection of French and German first editions which remained one of his great loves.

His first art purchases were made in 1907, when he bought Toulouse-Lautrec's *La Roussie au Carroux* and Picasso's *Scene de Rue* by any standards discerning buyers for a beginner. The Picasso was bought in Hirsch's native Frankfurt; and because it had left France so soon after being painted (about 1901) this wonderful, sombre painting of shabby people in a dark Paris street has remained for practical purposes, unrecorded until now.

Even in 1907, of course, fine first editions and Lautrec oils were not exactly inexpensive. Von Hirsch had gone into his uncle's leather house, as the younger, and proved himself so good a businessman that he acquired international fame for the firm. He acquired his "von" after the Grand Duke of Hesse Barbarossa, came from the



The Megan Enamel Medallion attributed to Godefroid de Claire of the Angel Representing Operatic (Charity) from the Spandrels of the Savelor Recluse. Circa 1150.

had visited the factory, with his sister the Tairina, in 1913.

Hirsch was thus already a distinctly rich young man when his interest was turned in the direction of art and collecting by friendship with the newly appointed director of the Frankfurt Städtisches Kunstinstitut, of which he eventually became an administrator. Von Hirsch remained in Frankfurt until 1933 when political events caused him to remove to Switzerland. The price of permission to emigrate with his entire collection was the donation of Cranach's *The Judgment of Paris* to the German nation. When the picture was restored to him in 1945, he bequeathed it to the Kunstmuseum in Basel.

His friends say that his acute business sense never influenced his collecting; he always bought for love, and not investment (though with a connoisseur's eye like his, it was impossible to buy badly). True, the impetus for the unrivalled collection of mediaeval and renaissance works of art may well have been the collector's inability to let pass the opportunities of several exceptional sales in the late twenties and early thirties. In those years the Hohenzollern-Sigmaringen collections, the Guelph Treasures (donated between the 11th and 15th centuries to the Cathedral of St. Blasie by the rulers of Brunswick) and several other famous collections came on the market, while the Soviet Government sold off a group of treasures from the Hermitage. One of the most celebrated pieces in the collection, the armilla or bracelet thought to be from the imperial regalia after the Grand Duke of Hesse Barbarossa, came from the

Hermitage. The enamel medallion form a retable, illustrated here, is attributed to the same supreme 12th century artist, Godefroid de Claire, and came from the Sigmaringen collection.

Whatever he bought, however, mediaeval works of art, old master paintings and drawings, impressionists or the 20th century works acquired after his marriage to the sculptress Martha Dreifuss-Koch—he still exercised the same rigorous and personal taste.

Hirsch clearly admired in art—ancient or modern—the un-mannered, the human, the charming. None of the works at the Academy is ever aggressive in subject or technique. Everything is superb of its kind, whether a Byzantine ivory or a Seurat sketch.

You detect areas of special interest. He clearly liked to find painters in uncharacteristic mood—Renoir painting snow ("Les Patineurs à Longchamps") which he regarded as "cette lepre de la nature." Lautrec a romantic and quite untheatrical portrait ("La Roussie") or a comical dachshund, Bonnard an irresistible sketch of three schoolgirls skipping on their way home. He also seems to have enjoyed seeing painters copying other masters: Van Gogh interprets Millet's "La Grande Bergère assise" and Cézanne a Rubens nude; Delacroix, Ingres, Cézanne and Redon all make copies from Holbein; and the impact of Michelangelo on Fuseli is revealed in his drawing of "Learning."

State of play at half year

BY JOE RENNISON

WITH MIDSUMMER coming up soon and rumours of unending boom finally scotched (I hope) it is interesting to note what a couple of agents think about how the market has performed in the first half of the year. One is in a fairly restricted area on the south coast, the other has offices in many parts of the country—but the message seems to be the same. First the thoughts of Jackson and Jackson who operate out of the New Forest area.

Nineteen seventy-eight began with bitter weather, a shortage of houses, a surplus of buyers and ample mortgage funds. It was with this background that they witnessed a transformation from a buyers' to a sellers' market, and with this an inevitable increase in house prices.

The values have risen in the past five months by an average of 15 per cent, and whilst they cannot see this dramatic rise continuing, they still expect there to be a further rise of at least 5 per cent over the year as a whole. They are forecasting that over 1978 it is likely that there will be at least a 20 per cent increase in values of most of the properties in the New Forest area.

The Government having placed a restriction on lending by building societies has caused an obvious slowing down in the time it takes for certain sales to proceed through to contract stage, and this has resulted in the building up of chain sales.

The type of property in demand at the moment includes 4/5 bedroomed family houses anywhere in the New Forest between £50,000 and £75,000. Terraced houses and bungalows are also popular close to village and town centres. Properties overlooking the Lymington River or the Solent continue to be keenly in demand.

Valuations have not been easy over the past five months, and it is now more the rule than the exception that properties are selling for the prices being asked, except in the few cases where prices have been wildly out of line. There have in consequence been a number of auction sales so far this year, but the majority of property still seems to be sold in the New Forest by private treaty. The

vendors are also beginning to realise the advantages of a sole agency, whereby they appoint one agent entirely responsible for the disposal, advertising, handling and negotiating for their property. This can avoid confusion as between agents and clients and, in the long run, sole agencies do in their opinion benefit both the vendor and purchaser.

Within the past month there has been a considerable increase in the number of properties coming onto the market in the New Forest. Vendors perhaps feel that after the long winter now is the time to sell, and especially if house prices are not going to rise quite so dramatically during the second half of the year as they did in the first half.

The possibility of an autumn election still remains and, should we be going to the polls in October, it is bound to have a temporary holding effect on the market until the result is known.

Jackson-Stops and Staff, who have many offices around the country, take a philosophical approach to the whole situation but basically remain well away from the bullish stance taken by some agents. They say that it is interesting to contrast the reasons behind the recent upsurge in house prices, as compared with the boom of the early 1970s, which came about almost entirely as a result of the steady increase over the preceding four to five years of people's purchasing power, in an almost static house market.

Since the rapid decline in values of late 1973 and 1974, which brought grey hairs to many a crown, at the frightening escalation of interest charges, where two properties were owned, often for lengthy periods, vendors have been extremely wary of purchasing an alternative property, until the sale of their present house was well under way. This trend was, however, completely reversed in late autumn of 1977 and has accelerated so much in recent months, to the extent that hardly anyone has been prepared to seriously offer their own property until an alternative had been secured. They consider that this unwelcome, though understandable trend,



has had a major effect in the upsurge of property values, by creating a totally artificial shortage.

Without exception, their offices throughout the regions, while extremely active, report a picture of depressingly little choice of property on the market for the time of year, which has naturally led to an unhealthy and over exuberant rush after anything at all attractive that comes on to the market.

A marked upsurge in the number of auctions is evident and, indeed, it is a bold agent that wells a property in advance of an advertised auction, when results are achieved like that of their London office, when a property known as Avon Cottage, near Salisbury, Wiltshire, was sold for £117,000. The cottage is a 16th century house with a frontage to a river, with six bedrooms and three bathrooms, which was expected to realise £70,000 and for which a figure of £95,000 was paid. In Cumbria, the Lorton Park Estate, comprising a Georgian style country house, in need of extensive repair and having a tenanted cottage attached and some 27 acres of parkland, realised £117,000; a figure nearly double the anticipated reserve price. A more modest property in Cheshire, comprising an attractive period farmhouse in three-quarters of an acre, but requiring complete renovation, which had failed to sell at auction last summer, was re-offered this spring, having suffered a severe battering from the elements and vandals this winter, at offers in excess of £15,000. Such was the demand that over 12 offers were received the first week and it was sold for around £25,000, emphasising the trend towards modernising and restoring older houses.

Reports from their West country, East Anglian and Cotswold offices underline the ever buoyant market for country houses with land, but there are a few signs that as more properties have come on to the market since Easter, the price increases have steadied and over-priced second rate houses are finding a slower market very different from the 1970s boom, where literally anything sold. In the £20,000 to £35,000 range the Government instigated mortgage famine has had a marked effect; more especially in their northern offices, where a recently renovated four-bedroomed farmhouse with two and a half acres failed to achieve a single bid at a recent auction, although three buyers in the room expressed keen interest afterwards at a figure in excess of the reserve, provided a delayed completion date could be accommodated.

The market in properties in the coastal regions of the country seems unabated. The house with a boathouse in South Devon achieved towards £60,000, while a bid in excess of that figure was paid for a 17th century house in eight acres, near Conway, North Wales, and on the south-west coast of Scotland, near Kircudbrightshire, a development of high quality luxury, Norwegian style log houses, which were originally on offer at £10,000 are now selling for £17,500; a particularly good investment in a little over three years.

The buoyant market is not confined only to older country houses and, despite the high cost of new building, both our Midlands and North-West offices report unprecedented demand for one off individual four bedroomed houses on quarter to half acre plots, at prices up to £45,000 and at a recent auction in the Wirral Peninsula, twelve miles from Liverpool, a quarter acre single building plot realised the staggering figure of £19,500.

There are, they feel, darker clouds on the horizon, in the steady and form of rising interest rates and increasing speculation of a "boom" and "gaxump" and General Election, a certain the inevitable resultant crash damper on any property when it all comes to an end.

Strutt and Parker, acting on behalf of trustees, have been instructed to sell this very fine Georgian former rectory near Woodbridge in Suffolk. It comprises hall, 4 reception rooms, kitchen, utility room, 5 principal bedrooms and 2 bathrooms with 4 further bedrooms and bathroom and oil-fired central heating. Further land and also a modernised 3-bedroomed cottage might be available if required. Offers around £75,000 are being invited for the freehold. Strutt and Parker, 11, Museum Street, Ipswich, Suffolk.

would do well to heed. We have no doubt that a lot of the apparent hysteria experienced in recent weeks would disappear if more vendors were prepared to put their properties on the market before they had purchased an alternative, this increasing the pool of available houses and helping to stabilize prices in their own interests.

Turning to the agricultural market, the steady increase in prices of top class farms continues unabated with many European buyers coming to the market, reflecting that, even at £2,000 per acre, British land is cheap, in comparison to most other EEC countries, but expensive as it may appear when contemplating the purchase of a farm, it must not be overlooked that the price per acre indicated, often includes substantial capitalisation by way of farm buildings and, invariably, a sizeable house, representing many hundreds of pounds per acre of the sale price.

In conclusion, they refer to the end of year report for 1977, when they predicted an uncertain market in the spring of 1978, but felt that prices should hold up and continue to rise steadily. If the usual spring influx of properties on to the market had taken place, these predictions might well have proved more accurate than what has in fact taken place.

Rapidly escalating property prices help no-one for, in the end, it is all relative and what really counts is the ability to buy and sell in the same market on conditions: in other words, one is contemplating a purchase, it is wise to contemplate a sale at the same time.

It is to be hoped that as more properties come on to the market, prices will tend to stabilise and may rise more slowly, in the steady and form of rising interest rates and increasing speculation of a "boom" and "gaxump" and General Election, a certain the inevitable resultant crash damper on any property when it all comes to an end.

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Next month's Summit

UK AND U.S. markets were closed on Monday, U.S. banks on Tuesday: it has been a short week and a quiet one. In London, the demand for gilt-edged has again been held down by the feeling—even stronger since the return to a Minimum Lending Rate administratively fixed by the Treasury and the Bank—that the Government's targets for the public sector borrowing requirement and the growth of the money supply will be difficult to reconcile with one another. Either the Chancellor's commitment to strict control of monetary growth is to be dropped and the risk of rapid inflation to be ignored, the argument runs, or interest rates will have to move still higher.

Whichever alternative is chosen as the more likely, there seems to be little case for rushing immediately into gilt, even though yields on long-dated stock have now risen above 13 per cent. The dilemma would be false if there were any prospect of the Chancellor announcing cuts in public expenditure to at least offset the post-Budget cuts in direct taxation, but there is no sign of this. With the probability growing of an autumn election, indeed, the markets seem to have dismissed this idea for the time being.

There have been two new factors in the past quiet week to strengthen the feeling that interest rates have not yet reached a peak. The first (of obvious pre-election importance) is the outlook for mortgage rates, the second the forecasts of the National Institute.

Mortgage rates

The net inflow of funds into the building societies has fallen sharply during the past few months. They have cushioned this fall to some extent by drawing on reserves (which implies large net sales of gilt-edged in contrast to large purchases last year) but will have to make their deposit rates more competitive if they are to continue lending at the same pace. It seemed possible that the Government, which asked them to restrict the size of their total mortgage lending when it appeared that house prices might rise sharply, would discourage them from taking in more money to lend. At this week's meeting of a committee made up of Government and building society officials, however, no objection seems to have been made to a rise in rates, which may now well be recom-

mended by the Association either this month or next. The National Institute of Economic and Social Research usually devotes more space in its Review to incomes policy than to monetary affairs. This week's issue contains little reference to incomes policy but a monetary section which concludes that the Government will be able to meet its target for growth of the money supply without too much difficulty. The markets were probably less impressed by this conclusion than by the two conditions attached to it—that short-term interest rates will rise still further and that domestic credit expansion this year will be considerably higher than the figure to which the Government is committed.

1979 outlook

The difference between the growth of the money supply and domestic credit expansion is largely made up of movements on the foreign exchange market. Just as the money supply grew faster than intended while the official reserves, so it will be the easier to control while the reserve is falling: that is why the International Monetary Fund deals in terms of DCE rather than monetary growth. The reserve fell again last month, though by considerably less than in April. This was a direct result of intervention to support the exchange rate at around its present level—a policy which is being maintained—and might have been worse but for the weakness of the dollar caused by the latest U.S. trade and price statistics.

Monetary questions apart, the latest National Institute forecast is undoubtedly gloomy. It foresees a short-lived recovery in output this year as a result of higher consumer spending and capital investment, followed by a sharp deceleration in growth during 1979, accompanied by a renewal of two-figure inflation and a gradual rise in unemployment. The scope for unilateral action to offset this trend, moreover, is described as small—principally because it would reduce the prospective payments surplus, push down the sterling exchange rate and exacerbate inflationary trends. The economic outlook for the UK, in short, depends largely on agreement at the July Economic Summit meeting on measures to stimulate growth and trade. This week's failure by the Economic Policy Committee of the OECD to accept a set of forecasts and proposals put forward by its officials is not altogether promising augury.

Why Mobutu needs a Western safety net

BY MARK WEBSTER IN KINSHASA

THE swift and dramatic intervention of French paratroops in Zaire's Shaba province two weeks ago did more than just protect European civilians and investment: it served yet again to save the political neck of one of Africa's greatest survivors, the country's President for the past 13 years, Mobutu Sese Seko.

For the second time in just over a year it required a foreign power to defend the territorial integrity of the second biggest country on the continent with its 25m people. That Zaire was unable to defend itself against a rebel force of about 2,000 says something about the ungovernability of the vast country and a lot about the state of its Government.

There is no doubt that the war in Shaba further weakened the position of President Mobutu both politically and economically. But as the meeting of Western powers in Paris on Monday will show, he is not without powerful friends abroad.

The Paris meeting will examine fresh ways of propping up the crippled Zaire economy and will also look at the country's security problems. But some countries, notably Britain, are known to have strong reservations about one idea currently being floated—that of Western support for the stationing in Shaba of a permanent foreign force drawn from African countries (such as Senegal and the Ivory Coast) which take a staunchly anti-Communist line.

The West has already made it clear that it is not prepared to provide a permanent combat force itself for Zaire and it is only a matter of time, probably one to three months, before the French and Belgians pull out.

But President Carter, speaking at the Nato Summit in Washington, underlined Western determination to stop the spread of Communist influence in Africa, and given Western aid, President Mobutu promises to remain a bulwark against Soviet and Cuban expansion in the continent.

It was this consideration, as well as humanitarian ones, which prompted the French and Belgians to drive the rag-tag rebel army out of the mining town of Kolwezi. But not before the rebels had delivered a devastating blow to Zaire's economic solar plexus. At first it seems surprising that the rebels could have done so much damage so easily, but a number of factors were working in their favour.

First of all they were among friends. The force which crossed into Zaire had its roots in the misleadingly named Gendarmerie, a paramilitary force formed by Moïse Tshombe when he declared the then province of Katanga (now

Shaba) independent in 1960. Some 6-8,000 of them were driven out of the country into neighbouring Angola when the secession was crushed and they have remained a thorn in Mobutu's side ever since he came to power in a bloodless coup in 1965.

Psychological victory

The rebels were therefore of the same Lunda and Baluba tribes which inhabit Shaba. In many places they were welcomed by the population as conquering heroes and even some of the Zairean army threw in its lot with them. Without foreign intervention, there is no doubt they could have stayed as long as they liked. But there was no need for them to stay any longer—they had already achieved a

major psychological victory by driving the white population from Kolwezi. White technical expertise puts the iron in the country's otherwise anaemic economic bloodstream.

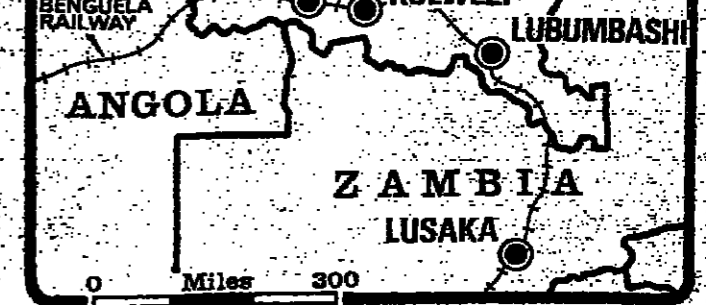
Western strategists believe the rebels intended to mount a hit-and-run raid. They were not simply ageing exiles hungrily for their homeland, most of them were young men well steeped in the ideology of their adopted country. Though there is no conclusive evidence of Cuban participation in the incursion, there is little doubt the rebels were Cuban trained and their aim was not simply the independence of Shaba, but the overthrow of Mobutu and the end of the Congo's pro-Western stance.

In the face of a well-armed and disciplined force, the Zairean army melted into the bush. Demoralised by irregular pay, poor training and successive purges to stamp out opposition to the Government, it had no heart for a fight and left the European population as well as the Zaireans to the mercy of the rebels.

And the rebels will be back. Intelligence reports and satellite pictures suggest a fairly sizeable force may still be in Shaba preparing for another strike.

There is a very real panic atmosphere in the regional capital of Lubumbashi. It would not take much to put the entire white population of the town to flight and many are already leaving. If the whites went, the economy would break down.

The West obviously does not rest is not just the result of



more fact that Zaire is drawn on a map gives an artificial impression of nationhood which is still not widely felt on the ground.

Not that the President takes any chances. Since he came to power he has pursued an active policy of suppression of opposition, both real or imagined. The civilian population is watched by the secret police of the National Documentation Centre (CND) and in the army there is a parallel hierarchy to which its allegiance directly to Mobutu.

There have been numerous purges in the army, especially after last year's fighting in Shaba. In March this year the President ignored international appeals for clemency and executed 13 people, including nine army officers, for allegedly plotting a coup.

Observers say Mobutu holds the country together with "mirrors, string and bits of chewing gum." But whatever Western reservations about the man and his policies, there is no one obvious alternative to him because he has taken pains to make sure there is none. Promising newcomers to the political scene are eased out before they can form a power base of their own.

The President continues to hold the reins, though the horse keeps bucking. His special plea to the West will be to bail him out economically, for the one thing which could finally overthrow him is the economy.

"Most of the people are not against the President. But there has to be a change. When the people haven't got enough to eat they are going to go mad," said an unusually outspoken taxi driver. And there are persistent food shortages.

In March, flour was in short supply in Kinshasa and bread shops in the city were "empty." In country areas, flour has been unobtainable for up to six months at a time. The price of foreign exchange earnings, are a sack of maize, one staple food, is now the equivalent of a rural worker's monthly wage and the sacks, just enough to feed a family for a month, are getting smaller. In the country President Mobutu would be able to count himself secure for as long as he wanted to stay. But

the rumblings at the moment as one diplomat in Kinshasa came mostly from people's said: "When I count my blessings, I start by thanking God. I they have been putting up with," was not born to rule Zaire."

Economic package

An anticipated new loan of \$220m from a consortium of banks led by Citibank is in jeopardy. The loan depends on an IMF-designed economic stabilisation programme being implemented, but there is little likelihood of the IMF package being put into effect in the near future.

Gross Domestic Product is estimated to have declined by around 5 per cent a year in 1976 and 1977. The same pessimistic forecasts were being made for 1978 even before the fighting broke out. Foreign supply in Kinshasa and bread shops in the city were "empty." In country areas, flour has been unobtainable for up to six months at a time. The price of foreign exchange earnings, are a sack of maize, one staple food, is now the equivalent of a rural worker's monthly wage and the sacks, just enough to feed a family for a month, are getting smaller. In the country President Mobutu would be able to count himself secure for as long as he wanted to stay. But

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President Mobutu at the Elysee Palace earlier this year with President Giscard d'Estaing. Monday's meeting of the Western powers in Paris will look at new ways of propping up Zaire's economy.

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Western strategists believe the rebels intended to mount a hit-and-run raid. They were not simply ageing exiles hungrily for their homeland, most of them were young men well steeped in the ideology of their adopted country. Though there is no conclusive evidence of Cuban participation in the incursion, there is little doubt the rebels were Cuban trained and their aim was not simply the independence of Shaba, but the overthrow of Mobutu and the end of the Congo's pro-Western stance.

Whatever the West decides, either as regards the economy or Zaire's security, it will lay down tough conditions to President Mobutu over the running of his country.

President Mobutu has shown a public willingness to put his country under the tutelage of the International Monetary Fund but is said in private to

Letters to the Editor

Good life

From Mr. H. M. F. Mallett

Sir,—I read with interest Mr. J. Smith's letter (May 31), his second on the financial advantages of opting out and taking up what he describes as the "good life."

It seems that this has so far involved collecting unemployment benefit, tax and pension rebates, and a profit on amateur (private) improvement of a Victorian property. Ahead for Mr. Smith and his common law wife is larger, but as yet unanalysed, profits from further development in much more expensive property fields; and even further on the horizon, dealing in the export of antiques, and writing books about them, mainly in order to be able to set off huge expenses against nebulous future earnings.

It may be too late for Mr. Smith, if he really exists, which does not worry me much, but in case your readers should be tempted to adopt a similar course a little analysis and advice in the opposite direction seems timely.

Starting backwards, it is very difficult to make a living out of writing, even about antiques. You haven't only to write, you have to find a publisher. Tax men, as writers and publishers are aware (and as a bit of each, in a small but at least regularly profitable way, I should know) are resistant even to justified expenses against earnings. Overseas holidays spent on sunny beaches, allegedly researching, are just not on.

I am also reasonably convinced that trading in antiques is very risky and needs a fair amount of capital, not to say expertise. Developing properties privately owned on the assumption that prices always go up and are always around to suit your plans is one of the quickest ways to bankrupt the statisticians know. If ever I read a phrase portending doom it was Mr. Smith's analysis to the effect that "at an annual compound interest rate of 10 per cent the house could be sold for £100,000 in five years."

The return is thus £10,000 a year tax free... and the investment is safe. My father bought a house after the First World War and it didn't reach the purchase price again until the mid-fifties. Mr. Smith would do a lot better

Values

From Mr. D. M. Toft

Sir,—We are told that money is not wealth but a claim on wealth. Quite so, but the whole problem of money is that the State has appropriated to itself the monopoly right of producing what its subjects are obliged to accept as legal tender. This might work if governments could be trusted not to tamper with the purchasing power of these claims by recklessly increasing the supply of "claim units" thus defrauding their creditors and lowering the value of the means of exchange. The virtue of gold is that it acts as an automatic and universal regulator of the value of "claim units" and therefore acts as a constraint on governments and is abhorred by them for this reason. Because an increasing number of people no longer have any confidence in the ultimate managers of their wealth they are turning to gold which will establish itself as an authentic parallel system of exchange.

D. M. Toft, Warren, Cameron and Company, Godalming, Surrey.

Gold hoard

From Dr. Geoffrey Middleton

Sir,—Mr. G. E. Lee (May 28) calls the distrust of the present international monetary system an "obsession" and suggests that permission to buy gold "as a commodity" would satisfy those who are alarmed at having to hold paper money. It is not just

a question of what people hoard—that can be done in gold now in most of western Europe—but of how to make investment in industry a safe monetary proposition. At the moment, a pound of paper money is, in itself, worth less than a pound of anything else, it is inviting a certain long-term loss, the "financially incompetent" governments of the world, who both manage the currencies and do most of the borrowing, are really pursuing a policy of clandestine confiscation. It is the steadily growing realisation of this that is now producing the greatest slump the world has ever known.

The only two remedies for this as the late Jacques Rueff pointed out back in 1972, are the re-establishment of a gold standard or succumbing to totalitarianism. The attitude of the United States monetary authorities has always been "I'm alright, Jacques, and to let the world's currencies go hang. Merely sneering at gold is not going to save the dollar. And France's greatest economist happened to be right. When the government's Camille is right, it will be an avalanche of panic liquidation of credit and every-one will find, to their horror, that paper money has become of very little value. Then, in desperation, the lender will prevail, and Lenin (and Keynes) will have won the day. Geoffrey Middleton, 1867 Glaciers-sur-Ollon, Vaud, Switzerland.

Money control

From Mr. Malcolm Roberts

Sir,—The current impasse between the financial institutions and the government rests on the government's Camille-like posture over monetary control. Bank lending to the private sector and overseas has grown by £1.7m during the last three months. In sharp contrast with the fall of £0.2bn during the same period last year. On this case have already been present policies it is highly unlikely that the ECU limit can be met: indeed it would require the entire increase in institutional cash flow to be devoted to new gilt issues.

Under the present insurance company building society monetary control is required. Everyone knows that the banking system has moved to cushion itself against the imposition of

Insurance

From Mr. Peter R. James

Sir,—The decision given in the court action Woolcott v. Sun Alliance and London Insurance should cause grave concern over the present agency agreements which the worsting claims companies and building societies. The plaintiff in the action owned and insured a property for £200,000 through his mortgage. The present state of affairs for the majority of building society borrowers. The Court held that what was at issue was, in fact, two separate insurance interests, the building society interest (the amount of the debt), the consumer interest (the amount available to the consumer after repayment of the debt). As a result of this contention, it was found to be acceptable for the insurance company to pay out the building society interest, and refuse the consumer indemnity under the policy, in this instance for non disclosure of a material factum this year.

Malcolm Roberts, Laing and Cruickshank, The Stock Exchange, EC2.

Postman's knock

From Mr. Bernard Campion

Sir,—A bright and lightweight letter in the "Postman's knock" column (May 27) is that the designers of their commiserations do not know their craft. Many of their designs are fit only for firework.

Unfortunately, the Royal Mint is little better, one has only to look at our present coinage.

If the designers would study the Georgian and Victorian Commemorative Medals they might be inspired anew. Until they are, or new designers found, collectors will, rightly, refuse to buy their productions. David G. Thomas, 24 Hurler Road, Bourne, Lincolnshire.

Coinage

From Mr. David G. Thomas

Sir,—The real reason for the comparative failure of the Franklin Mint and many British Mints (David Lascelles, Collectibles (May 27) is that the designers of their commiserations do not know their craft. Many of their designs are fit only for firework.

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A £2m gamble on an 'impossible dream'

BY STUART ALEXANDER

AT THE moment I am saying to myself that I am going to buy a 324, a racing sail boat 24 feet long—specifically designed to give low-cost, high performance. It will cost me about £5,500, plus another £1,000 for extras. In another I would have to spend about £750 to race her every season.

To most people that will seem a fearful waste of a very large sum of money, though in comparative terms it is a pretty minimal budget.

So the announcement this week that British industry, and the general public, is being asked to sponsor the purchase and racing of a couple of boats to take part in the 1980 America's Cup series to the tune of nearly £2m will no doubt have caused raised eyebrows everywhere, particularly those of a few committee members on leading charities.

Not is there any guarantee that, after all this expense, the British challenge will reach the start-line of Newport, Rhode Island: against the American holders. There are five other challengers who must be beaten in a series of eliminators before the big battle begins.

Even the brochure inviting membership of a British Industry 1500 Club—minimum subscription £1,050, tax deductible up to the first 1,500 applicants—admits that the challenge is the pursuit of an "impossible dream" though surprisingly it adds that it also feels the challenge is "almost exotic".

There will be no doubt in most people's minds, both in and out of yacht racing, that the project truly qualifies for the adjective exotic, and has about as much relevance to everyday sailing as a rocket

car across Pendine Sands has to ferrying a turtle to the Cotswolds on a Sunday afternoon.

While Britain has an enviable record of success in the Admiral's Cup—always sailed in home waters—and in various level-rated events and dinghies, there are few Britons who could claim to know the hows, whys and wherefores of 12-metre racing in American waters. (A 12-metre boat is standard for the America's Cup. It is about 65 feet long and 12 metres on the water-line.)

"Dirty tricks"

Many of the other five challengers have been to Newport before only to be beaten by the expert crewing and seasoned tactics of the locals. They have also been subjected to severe psychological pressures both on shore and on the water and the British contingent has already budgeted both for a travelling war games expert and a "department of dirty tricks" to take the battle of the minds into the American camp.

This seems to be more a case of silk-lined cloak and jewel-encrusted dagger than sailing and it probably is. But the one thing in the brochure inviting membership of the 1500 Club which is beyond dispute is that this latest challenge will be the most professional ever put together.

The cup, formerly the Hundred Guinea Cup, has never been won by anyone but the Americans. The name of the trophy was changed because it was first won by a yacht named America in a race round the Isle of Wight in 1851. The 129 years to 1980 will have seen 23 challenges: some of the most famous from the British Isles,

and yet no British boat has ever won more than two of the best-of-seven series. And on an embarrassingly large number of occasions the Americans have won by a straight four-to-nil margin.

This time, however, there should be enough careful crew selection and enough opportunity for them to practise against other "twelves" to ensure they are race-tuned and fit.

While the Americans have for some time been able to use a more accommodating tax system to encourage sponsorship, and the Swedes relied heavily on Volvo for their 1977 challenge, Britain has hitherto always depended on rich individuals to dig deeply into their own pockets.

Our last challenge in 1964 was financed by Mr. Tony Boyden, who is now chairman of the British Industry 1500 Club. Although he has underwritten the purchase of the first boat from Joyce Marine at Gosport, he obviously hopes that this time enough money will be put up by industry to keep his personal contribution within reasonable bounds.

The recruitment of Sir John Methven, director general of the CBI, as the club's president is a valuable coup. Apart from Sir John being an enthusiastic yachtsman and former RNVR officer, his ability to spread the gospel to all the most influential men in British industry is almost unrivalled.

On Mr. Boyden's other flank is Sir Peter Vannock, Lord Mayor of London, a 1900 Club vice-president and, of course, another yachtsman. That takes care of both industry and the City and involves the support of the two men who, between them, probably make more speeches to more men control-

ling company funds than any other pair in Britain. A dynamic duo indeed.

So the financial side is being handled professionally and an international public relations firm is there to back it up. The one-man crusade has given way to the business-like approach. It is now a commercial as well as a sporting enterprise. In the outline of the scheme it is emphasised that yachting is an amateur sport and that the crew will be amateur. However, when the challenge was first explained to the British public, Mr. Boyden said that he expected employers to cast a benevolent eye on the time demands made on crewmen whom they employ. If not, he said, he thought that there would be companies who would be able to make arrangements to ensure that crew would have good jobs on their return.

That seems to be as delicate a dividing line as possible between professional and amateur status. However every one is aware that there are professionals in yacht racing—staff of sailmakers and boat builders are most prominent—and before the war, when most yacht racing was truly a rich gentleman's sport, professional crews were the order of the day, and the order of the day was to work damned hard for your shilling.

With the most experienced men from the British Olympic yachting scene involved, the fitness and competence of the crew should not be a problem and the promised 100-day work-up in Newport ahead of the elimination series should mean that the best approach programme will be followed.

As for the design of the boat, or boats, some doubts have been

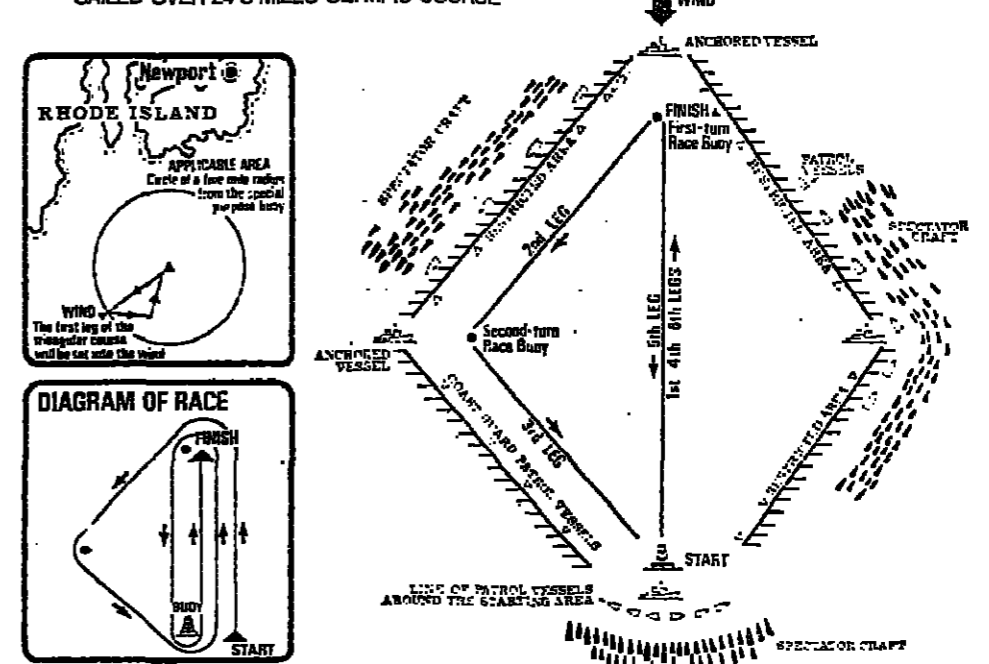
Fit men

With the most experienced men from the British Olympic yachting scene involved, the fitness and competence of the crew should not be a problem and the promised 100-day work-up in Newport ahead of the elimination series should mean that the best approach programme will be followed.

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1977 AMERICA'S CUP RACES

SAILED OVER 24.3 MILES OLYMPIC COURSE



Although two years may seem a long time, the first boat will not be in the water until next January or February. That leaves only 15 months at best before shipping out to Newport having first caught up on an area of sailing in which we have little experience and which is an art of its own.

Just to complicate matters, if the full amount the committee wants is donated a second boat will be built for launching in the year of the series.

To put that into full racing order and run trial races against the first boat will leave the schedule very pressed, and "twelves" being delicate creatures they cannot be sailed in all weathers.

In contrast the Swedes will be going back to Newport only which to catch up.

Economic Diary

SUNDAY—National Union of Public Employees conference—Mr. Alan Fisher, general secretary, speaks on wages policy, Alexandra Palace, London.
MONDAY—Mr. Merlyn Rees, Home Secretary, opens International Professional Security Association conference, Wembley Conference Centre. Mr. David Hilton, purchase and other instalment credit business (April).
TUESDAY—Parliament re-assembles after the Spring Holiday. Mr. Morarji Desai, Indian Prime Minister, arrives in the UK for three-day visit—lunch with Foreign Press Association for Fraser, Prime Minister of Australia, arrives in U.K. for five days of talks. Indian Prime Minister continues talks at Downing Street, UK balance of payments (1st qtr).
WEDNESDAY—House of Commons begins two-day debate on foreign affairs. Mr. Malcolm Fraser talks with Mr. Margaret Thatcher at Conservative Party in Foreign Press Association for Fraser, Prime Minister of Australia, arrives in U.K. for five days of talks. Indian Prime Minister continues talks at Downing Street, UK balance of payments (1st qtr).
THURSDAY—Vehicle production provisional figures (May).
FRIDAY—Building Societies meet to discuss interest rates. Mr. Malcolm Fraser talks with Mr. Margaret Thatcher at Conservative Party in Foreign Press Association for Fraser, Prime Minister of Australia, arrives in U.K. for five days of talks. Indian Prime Minister continues talks at Downing Street, UK balance of payments (1st qtr).

Weekend Brief

Tour de force

There are several claimants to the title of originator of mass charter flight tourism, and one of them is Vladimir Raitz. Since the collapse of Horizon Holidays a few years ago Raitz has kept a lowish profile but now is bouncing back with some vigour. Even the old Horizon name glitters again since that brawny quoted one-time offshoot of the former Raitz empire, Horizon Midlands, has been gradually shedding the second half of its name.

Raitz is not involved in Horizon Midlands in any way, his avenue of touristic venture over the past couple of years has been Medallion Holidays, a Malta based operation offering holidays to that Mediterranean island. Medallion has apparently prospered and Raitz completed his come-back to the establishment fold at the turn of the year when he was voted onto the Tour Operating Committee of the Association of British Travel Agents. Always a popular figure in the trade Raitz once again walks its corridors of power.

In about three weeks time we will see public evidence of the next stage of the Raitz saga. Towards the end of the month the first copies of Raitz's new corporate brochure should be coming out, under the provocative title of Alcolidays. Raitz has moved into a non-executive post at Medallion to go off on his own path under this banner and will be offering wine, tours to various destinations this autumn. With such wine, notables and bon vivours as Cyril Ray, Alan Hall and David Peppercorn advising and possibly escorting tours, Raitz will be turning trips to the Rhine, Tuscany, the Loire, Jerez, Oporto, Rioja and, of course, Champagne, Bordeaux and Burgundy.

"I think there is a great future for the specialist operator," says Raitz in his new Covent Garden headquarters. With giants playing the numbers game Raitz is looking for parties of 20-30 people a time for his trips. "I could have chosen stamp collecting or anything, but I happen to like wine, anyway the areas involved are beautiful." Already Raitz is plotting whisky tours for foreign visitors, vodka trips to Moscow, and talking about launching a wine club as an allied operation.

Initially his tours are likely to have to be done through an intermediary agent since the Alcolidays' ATOL (Air-Tour Operators' Licence) application is only now in the process of filing. Among the bodies which vet these applications is the Tour Operators' Council of A.B.T.A. on which body Raitz sits, so he will have the odd duty to leave the room while his request is discussed.

Meanwhile, the argument rages over whether or not Raitz has chosen a suitable title for his trips. Alcolidays to some has a faintly tawdry ring about it

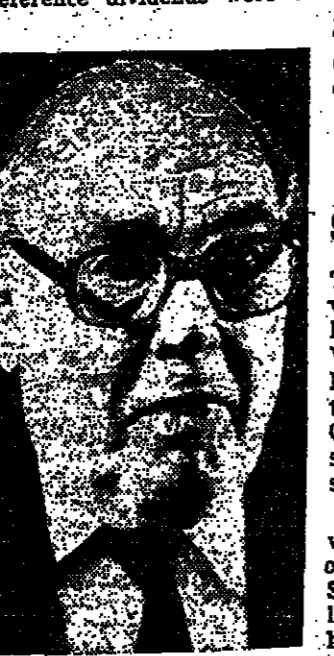


Raitz: new vintage

Low cut

Although spectacularly in the news from time to time the Premier diamond mine in South Africa is not very lucrative. Huge gem diamonds may be found there—the Cullinan, the Niarchos, the Taylor-Burton and the Premier Rose of 353.9 carats—but dividends have been few and far between.

Last year, Mr. Harry Oppenheimer, the chairman of De Beers Consolidated which has the controlling interest, confessed that Premier had not paid a dividend on deferred shares for 50 years and that preference dividends were 19



Oppenheimer: bright future

years in arrears. This was, as he put it, "grossly excessive." But the mine is too big to ignore, too honoured in diamond history to forget. Year after year it has produced around 2m

carats of diamonds, mostly of industrial quality and therefore not as prized as gem stones. Still, the sheer volume is roughly the equivalent of Angola's total yearly production before the civil war.

In fact, the discovery of Premier Rose—named incidentally after the South African lady who will mark it up and decided how it will be cut—is a 75th birthday present. Mining operations started in 1903, although De Beers did not gain control until 1917.

During the 1980s, a lean time for the diamond producers, the mine was closed down and when it re-opened in 1944, over 4bn litres of water had to be pumped out of its 189 metres depth. The mine was, and is, a huge hole in the ground.

Now a new life is about to start. There have been negotiations with the South African Government on leases and the way has been opened to extract diamonds from as deep as 800 metres; as plans to mine beneath a bed of waste some 80 metres thick come to fruition. This should see Premier producing well into the next century.

Life style

TWO YEARS ago almost exactly world environmentalists held a huge warmhearted conference in Vancouver called Habitat and Human Settlements. Almost all the nations attended. The Canadians, proud that Habitat should be held in Vancouver, spent millions on it.

Improving the habitat of the world's people, especially those of the third world was the theme. Shantytowns had to go, rural land was to be made more habitable to stem the great trek to the cities to make more shantytowns. Environmentalist Barbara Ward wrote a book for the conference called Home of Man in which she said the world needed 47m houses a year.

Vancouver decided to press this week should have seen the start of cross-Channel services

with British Rail Seaspeed's new Super 4 hovercraft, the largest in the world. Technically the 300-ton craft has performed well, reaching over 70 miles an hour in tests, but a dispute, involving 18 pilots over a pay claim for parity with BR Sealink ferry captains, means the craft will not carry passengers until July.

In spite of this hitch some days ago a group of journalists and, significantly, engineers from the Belgium Marine Transport Authority, slid across the Channel from Dover to Ostend, ostensibly on a joy ride. For BR and the British Hovercraft Corporation, the ride had a real purpose was to carry-out test moorings in the heart of Ostend harbour. The data from the tests will aid a Belgian evaluation of the craft. Success could lead to orders for two £15m craft.

Would-be passengers, whose own rides have been hit by the pilots strike, are likely to be more interested in what happened to the landlubbers when they set off on a cushion of air bouncing through eight feet waves at 65 miles per hour.

Our pilot for the day was Mr. Bob Strath, operations manager of the British Hovercraft Corporation and not involved in the dispute.

We were promised "fresh conditions, a northerly breeze and a 1 to 1½ metre swell in mid-Channel." As the craft slid backwards off the ramp at Dover, the first sensation was of a draft of air up one's trouser legs. This later pale into insignificance as staunch British and Belgian stomachs, coped with waves twice the size of those predicted.

Those promises about mid-Channel conditions were remembered with some dismay when the wind picked-up to Force 7, the craft "slowed" to 50 miles per hour, and waves became grey concrete walls, over 8 ft high.

Stewards, some who had been with Seaspeed since its inception in 1963, served drinks and proudly proclaimed that on the older, unstretched SRN4 craft, the bar would have closed long ago, conditions were so rough. But few drinks, even on the monster Super 4 survived the swell. Stomachs and drinks rose and sank as in the fastest hotel lifts.

Sitting at the bulbous nose of the craft as it passed Calais 25 minutes from Dover, the "joy ride" passengers were noticeably relieved when Bob Strath said we would then follow the coast over sandbanks and shallow water. White-water racing followed, with the entire horizon seething with foam, as the craft accelerated for Ostend to be greeted on the local beach by awestruck locals.

To be fair to BR and the hovercraft company, it was an unusually rough day. But when sales of £30m and a potential rise in the use by Belgium of the new BR hoverport at Dover West are at stake, the show simply had to go on.

Contributors:

Arthur Sandles, Paul Cheeseright, John Worrall and Lynton Maclean

"Frankly, there's not a single reason why we advertise in Radio Times."

Frank Abramson, Retail Marketing Manager, W.H. Smith & Son Limited.

That was the riposte Frank Abramson gave us when we recently popped the question: Why do W. H. Smith advertise in Radio Times? However he went on in a more encouraging vein: "Obviously, to any retailer, the sheer numbers of people his advertising reaches is important. When you've over 350 outlets it's vital."

"So we're influenced, of course, by your 10.7 million audience. 'We're after, to use the jargon, your C2DE readers as well as your ABC's. 'After all, everyone's a potential customer to us. 'That's why we go out of our way to carpet our shops, light them attractively, make them a browser's home from home. 'And hopefully you've noticed how our staff are friendly but professional. They know their products. And they also know when to help you and when to leave you alone. 'Also," he added, having a dig, "as you never tire of telling us, you've more ABC's readers than any other magazine or newspaper. 'What's more," he went on, ticking off his fingers, "the highest proportion (22%) I think of your readers is in the 15-24 age group, which is an important part of our target group."

"Do you want me to go on?" he said, looking at his watch. Please, we replied. "Okay," he murmured. "Most of our customers are women. But men are, naturally, also important. So, indeed, are children. 'We're nothing if not a family shop. And you're nothing if not a family magazine. 'Also you give people plenty of time to see and consider our ads (what's your phrase; you stay in the home nine days including two shopping weekends?). 'Furthermore, the fact you publish thirteen regional editions gives us flexibility. 'Finally," he said (stressing the word) as well as newspapers and magazines, we're largely in books and records, the reading and listening market, if you like. 'And," he added, standing up "so are you. Which means your editorial is in sympathy with our ads. 'Door knob in hand, he summed up: 'You give us the numbers, you give us the nine day stay in the home. (you give us grey hairs with your copy dates, but they're shorter than most magazines). You give us regional flexibility. 'In short, you give us what we want. 'Besides which," he called from the lift, "you're always a prime recommendation from our advertising agency, D'Arcy-MacManus & Masius Limited. 'And when one of the leading agencies in the country speaks, we listen."



This advertisement is one of an occasional series of case histories from Radio Times. For further information contact Head of Advertisement Department, BBC Publications, 35 Marylebone High Street, London W1M 4AA. Telephone: 01-580 5577.

COMPANY NEWS + COMMENT

Carlton Industries climbs to over £10m

PROGRESS WAS maintained by Carlton Industries in the year to March 31, 1978, with taxable earnings advancing from £7.1m to a record £10.38m on sales of £94.02m against 47.82m.

The group, which currently is the subject of a bid from the Hawker Siddeley Group, at half-time reported profit ahead to £4.92m (13.22m) with all three major trading divisions showing better performance and order books substantially higher than at the beginning of the year.

Lead acid battery activities for the year contributed £1.1m (£2.34m) to trading profit, while £2.51m (£1.5m) and house-building £1.3m (£1.26m), while other activities including interests and overheads of the holding company cost £1.13m (£2.09m).

Stated earnings per 25p share based on the actual tax charge amounted to 26.1p (20.6p), and a net final dividend of 3.47p lifts the total to a maximum permitted 3.47p (4.07p) as forecast.

	1977	1978
Sales	44,922	77,921
Trade profits batteries	2,465	1,273
Wholesale	1,301	1,361
Housebuilding	1,301	1,361
Other activities	1,301	1,361
Pre-tax profit	10,380	14,020
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	8,120	9,840
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	6,860	5,660
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	4,600	1,480
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	2,340	710
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	1,210	1,210
Less: interest	1,130	2,090
Less: minority	1,130	2,090
Pre-tax profit	80	120

Stated earnings per 25p share based on the actual tax charge amounted to 26.1p (20.6p), and a net final dividend of 3.47p lifts the total to a maximum permitted 3.47p (4.07p) as forecast.

A 195p per share offer is initially being put to minority shareholders but LMS has agreed to make up any shortfall. As part of the deal, Hawker Siddeley has been asked to sharehold.

Hawker will also make another bid for the outstanding Carlton shares in 1981, to be based on the price of 165p per share and adjusted for Carlton's performance over the next three years.

The outstanding feature of Carlton Industries results is the lead acid battery performance—this division's profits rose 39 per cent.

With modernisation of plant and additional capacity, volume growth—especially on the heavy duty battery side—is more than a quarter higher. Meanwhile, exports to the U.S., continental Europe and the Eastern bloc are picking up.

Improving whisky demand will boost Invergowrie while increased housing starts will give a further lift to Comben. This could put the company on target for profits of £14m in the current year. The shares closed 9p higher at 202p.

giving a p/e of 7.8 on a low tax charge while the yield is 4.2 per cent. Obviously, at this level shareholders are sitting out.

Current 165p bid from Hawker Siddeley until 1981, when Hawker has undertaken to make another offer based on the increase in Carlton's profits over the next three years.

Crescent Japan Investment

Crescent Japan Investment Trust has been set up for five years from a UK bank and deposited £2.43m with the bank as security for the loan.

The reciprocal loans of the

Results due next week

The group of companies due to report figures next week ranges from the industrial group, Metal Box to the mining finance house, Charter Consolidated. Besides these two companies, final figures are expected from De La Rue, Harrison and Crosfield and the 600 Group while Grand Metropolitan and Harcourt are due to provide interim statements.

Others to note are Land Securities Investment Trust (finals, Tuesday), Comet Radiovision (interim, Tuesday) and Guthrie Corporation (finals, Thursday).

Metal Box has already indicated that 1977-78 profits due on Monday will be down on the previous year's £37.8m. Analysts are generally expecting no more than £31m-£32m, though one is going as high as £34m.

Most of the damage was done in the first six months when MB turned in only £23.2m—there is little hope of much more in the second half. Admittedly, the 1977-78 October to March period was exceptional but in the year just ended, labour problems continued to accompany existing troubles.

With new equipment at the company's Glasgow and Westhoughton plants, overall the contribution from UK packaging could fall from £24m to under £20m pre-tax. Overseas, a poor South African performance, partly due to the bad fishing season, has probably been offset by better results in South East Asia and Nigeria. Better weather this summer and improved consumer demand should see MB over the £20m mark in the current year.

Results at Charter Consolidated are due on Tuesday and estimates vary from £35m to £45m for the

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. payment	Total	Total
Barrow Milling	1.34	July 28	3.64	5.47	5.47
Carlton Ind.	3.47	Aug. 5	1.99	5.46	5.46
Century Oils	2.08	Aug. 5	1.99	4.07	4.07
Downiebrae	1.39	Aug. 7	1.48	2.87	2.87
Highbanks	2.31	Aug. 7	2.05	4.36	4.36
Scottish Nat.	1.4	June 28	0.49	1.89	1.89
J. Smart	0.33	June 28	0.49	0.82	0.82

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 10 months.

company are all denominated in Japanese yen and now total £2.52m.

Stag Line sees full year profit

WITH THE surplus arising on ships, Photonics and Kielder Star, Mr. Nicholas J. Robinson, the chairman of Stag Line says it is expected that results for the full 1977-78 year will show a pre-tax profit of £1.5m.

Kielder Star was sold on May 20, 1978, at a surplus over book value of about £12,000. Photonics, which is stranded in the oil market, was declared a compromised total loss on May 19 and recoveries from underwriters will show a surplus over book value of about £12,000.

The group's new ship, 26,300 dwt bulkcarrier, Begonia, was delivered on May 23, and taking advantage of the recent firmness in the freight market the ship has been fixed for a short time charter period at a rate of nine which will cover running costs.

And make a small contribution towards depreciation and interest charges.

Mr. Robinson says that on May 8 the Government announced that under certain circumstances it would be prepared to consider a limited extension of guarantees given on shipbuilding loans made under the Industry Act 1972.

As Begonia is being sold, the chairman says that directors have decided to apply for a three-year moratorium on the loan capital.

As reported on May 16 the company incurred a loss of £137,361 for the half-year to April 30, 1978, compared with a profit of £337,034 before a tax credit of £81,828 (£279,258 charge).

PRE-TAX profits of Barrow Milling Company, Dublin-based flour miller, bottler and soft drink manufacturer, more than halved from £508,350 to £214,113 for the half year to March 4, 1978, and was largely attributable to a sharp setback in performance of subsidiary, Boland's bakery and animal feed businesses.

In addition, a delay in granting increases in flour prices caused a sharp fall in flour milling profits in the second three months of the period, and the directors say that the outcome for the rest of the year will depend largely on the price of flour and the co-operation of all concerned in the group's bakery rationalisation.

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copper fell persistently during the year, while the strengthening pound nullified efforts to expand exports of the company's ingots.

Century Oils reaches £1.15m

ALTHOUGH SECOND half pre-tax profit advanced from £636,106 to £718,124, Century Oils Group ended the year to March 31, 1978, down 21.1p to 1.15m, compared with a peak of £1,301,106 last year. Turnover improved from £17,54m to £20,36m.

In November, when announcing a £210,000 drop in mid-year profit, the directors said they were seeking to make up for this shortfall during the second half, but full year results would also be influenced by the national economy and industrial conditions during the coming months.

The full year result was struck after interest of £237,224 (£201,650) and tax of £237,224 (£201,650), leaving attributable profit reduced from £1,063,886 to £880,250. Earnings are given as 10.77p (12.86p) per 10p share, while the dividend of 2.64p is raised from 2.35p to 2.64p net, with a final dividend of 2.64p.

Dividends absorb £238,142 (£207,885) giving a retained profit of £642,108 (£672,365).

Century's pre-tax profit was down at the halfway mark and although some of the balance was redressed by year end the final result is more than 10 per cent below that of the previous year.

The deal, which means that AFB is withdrawing from wholesale food distribution, will more than double BAT's food wholesale share. BAT's food wholesale share will have a turnover of around £200m this year.

The exact price, which will be paid in cash, still has to be agreed, but it is believed that the deal is relatively small compared to some of the other recent takeovers in the food wholesaling industry.

BATs bought into the food wholesaling sector when it acquired International Stores in 1972. Kearley and Tonge, which was a subsidiary of International, was well established in the catering and food service sector.

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BIDS AND DEALS

Greycoat to merge with Chaddesley

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

AGREED MERGER terms whether they should retain their announced last night for the investment in Chaddesley rather than accept the cash offer.

Chaddesley's shares were suspended in May at 15p. Apart from the usual condition that the offer is not referred to the Monopolies Commission, the proposals are only dependent upon Greycoat's team ending up with more than 50 per cent of Chaddesley's capital.

Chaddesley's capital, after taking developments with Standard Life Assurance including the £300m City of London development in the City of London—has reached a peak of £1,301,106 last year. Turnover improved from £17,54m to £20,36m.

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Culter Guard at £0.5m after second half recovery

WITH DIFFICULTY and erratic markets in the paper and manufacturing and converting industry, pre-tax profits of Culter Guard Holdings fell from £508,000 to £208,000 for the year to March 31, 1978, although second half profit at £438,000 against £402,000 were better than forecast at the interim stage.

The directors then reported first half figures of £70,000 compared with £201,000 and said that it was unlikely that second half profit would match the corresponding period of 1977-78.

In spite of the trading difficulties, the group's cash flow position improved considerably, and net bank borrowings were reduced after meeting capital expenditure in excess of £1m.

They propose to ask for an immediate restoration of Chaddesley's stock exchange listing following an EGM to sanction the Greycoat acquisition.

Apart from occasional share price rises on takeover rumours Chaddesley has passed a fairly uneventful stock market career since its flotation in 1961 and in 1976 Capi made an unsuccessful attempt to take over the company. It holds primarily shop properties generating annual rental income of £600,000, supporting net assets of £11.3p a share. The group reported a pre-tax loss of £17,500 in 1977.

The year was one of transition for the group, and directors say they are encouraged by the gross made so far. And they

remain confident that the group will ultimately prove effective in restoring adequate profitability to group operations.

Earnings per 25p share are depressed from 3.5p to 3.33p, but the dividend is maintained at 1p.

comment

After the dramatic recovery in 1976-77, Culter Guard has suffered a setback with pre-tax profits depressed by about 10 per cent. Conditions in the paper and converting industry have proved extremely difficult, and prices of some quality products under considerable pressure. The seasonal nature of the trade has resulted in higher than expected earnings in the second half, but the group does not expect the third decline in the first half.

company reports an improved cash flow and lower net bank borrowings after a long gap. The group's cash flow position improved considerably, and net bank borrowings were reduced after meeting capital expenditure in excess of £1m.

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UNIT TRUSTS

American strength still predominates

INVESTMENT MANAGERS still feel that the American market is the one likely to attract the most public attention and the majority of this week's offers are based on American funds or overseas funds with a strong American content. The theme is still that the long-term movement on Wall Street is upwards and that there is still plenty to go for by investing in the U.S. But investors are asked to consider whether to put their eggs in one basket—the U.S. market—or whether to spread it among other overseas equities. The Japanese and Far Eastern markets are looking strong at the present time. Such a decision can be influenced by investing in a fund that invests almost entirely in the U.S. as an international fund where investment can be switched to various countries as market circumstances dictate.

The aim of the newly launched Schroder Overseas Fund is to provide investors with an international fund with an initial emphasis on Wall Street. But a minority holding will be in the Japanese market and the overseas equity market. Investors are being offered a life bond issued by Schroder Life linked to this fund and you need at least £1,000 to take advantage of the offer. The switching facility offers investors who get disenchanted with the overseas market the opportunity to move into other funds without suffering a tax penalty.

The Midland Drayton International Unit Trust also holds the philosophy that the managers should move funds around the world to maintain growth. At present two-thirds is in North America with the rest spread around the world. Minimum outlay is only £200. The London Wall International Fund has a similar policy, with the Double Investment Plan under which a lump sum is invested with Britannia and used to pay for monthly premiums on a 10-year investment policy which matures at the end of 10 years, the investor receives what is left in the Building Society account plus the maturity process of life contract. The whole of the fund is now in U.S. Safe as houses.



Culter Guard Bridge Holdings Ltd

Preliminary Results for the Year ended 31st March, 1978

	1978 £'000	1977 £'000
Turnover	20,010	19,136
Profit before tax	508	603
Profit after tax	286	290
Dividend per share	1.0p	1.1p
Earnings per share	3.85p	3.90p

- * The second half of the year showed a better than expected increase in pre-tax profit compared with the first half-year.
- * The group achieved an improvement in its cash flow resulting in a reduction in net bank borrowings after meeting capital expenditure in excess of £1m.

IR PORTFOLIO HITS NEW HIGH

WHILE the FT Index itself continues to move sideways, second and third line stocks are hitting new highs in many instances. Throughout the past few months, INVESTORS REVIEW, the City's fortnightly magazine, has stuck to a policy of clipping only medium and small companies, a policy that has taken its Trading Portfolio to a new all-time peak. Other recommendations in the paper have also done well: the two traded options recommended last issue for insurance doubled in price in three or four days following publication date. This is the kind of performance readers of INVESTORS REVIEW and the weekly IR MARKET LETTER (for whom Barker and Dobson have doubled in eight months, Sharma Ware has put on 150% in a year, and Southern Pacific Petroleum 30% in two weeks) have come to expect.

All in all, a joint subscription to both magazine and letter—costing just £20 a year—is the kind of value that's hard to beat.

INVESTORS REVIEW

ESTABLISHED 1892

ORDER FORM: Please send me Combined subscription 1 year Investors Review, for 1 year £20 post paid. Overseas rates available on IR Market Letter £15 post paid.

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J. SMART & CO. (CONTRACTORS) LTD.

Interim Statement

At a Board Meeting on 1st June, 1978, the Directors declared an Interim Dividend per share of 0.5p net (0.495p) due payable on 28th June, 1978, in respect of the year ending 31st July, 1978. Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

It is estimated that for the current year Group Profits before Tax will not be less than £1,250,000 (£1,225,000) made up of Trading Profits of £1,178,000 (£1,171,148) and Profit on sale of Investments, etc., £72,000 (£43,852).

These results are a reflection of the highly competitive conditions prevailing in the industry at the present time and the severe weather conditions during the past winter.

Subject only to unforeseen circumstances, the Board will recommend to the Shareholders, in due course, that the Final Dividend per share for the year to 31st July, 1978, be 1.475p net (1.32052 pence), this being the maximum permissible under the current restrictions. The Board is conscious of the fact that in recent years the Dividend has not kept pace with the cost of living or the Company's earnings capacity. Therefore, should the opportunity arise, it is the Board's intention to give consideration to the question of the Dividend with these factors in mind.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Guest Keen and Nettlefolds conceded defeat in its effort to gain control of Sachs by withdrawing an application to the German Economics Minister to reverse the decision of the West German Supreme Court which blocked the deal.

Thomas Tilling has made a surprise £5m bid for Fluidrive, the Middlesex-based hydraulic coupling group. The offer comprises five Tilling shares for every eight Fluidrive. Although the Board of Fluidrive has yet to respond, the bid's success is likely to hinge on the reaction of the institutional shareholders who speak for around 27 per cent of the equity.

The three-month manoeuvring for control of the British School of Motoring with its captive new driver car buyer market ended with the announcement by Singer and Friedlander that Mr. Anthony Jacobs and associates will pay £7 cash a share for the capital of the companies that control BSM.

In a surprise move, Armstrong Equipment acquired a near 34 per cent stake in Cornercroft from two groups and announced a full-scale bid for the Coventry engineering group in which intermittent Boardroom/shareholder rows have been occurring since 1970. Shareholders are being offered 63p a share in cash.

Mitchell Cotts Group has now reached agreement on an offer to buy out the 22.99 per cent minority shareholding which it does not already own in its subsidiary Mitchell Cotts Transport. The share-exchange offer terms of two Mitchell Cotts Group shares for each share in Transport are considered fair and reasonable by MCT's directors who have accepted the bid in respect of their own shareholdings.

The minority shareholders of Edworks, the South African footwear group, are being offered 145 cents a share by the controlling Dodo family. The bid was foreshadowed two and a half years ago when the shares were suspended at 85 cents per share.

An agreed takeover for Newey Group is being made by William Frym-Werke, of West Germany, which already holds some 25 per cent of the Newey capital. The 65p cash per share offer is conditional on the directors of Newey and certain other shareholders accepting acceptance of not less than 15 per cent of the equity. The Board of Newey are recommending the offer and feel sure that the necessary underpinnings will be forthcoming.

Within two years, Kellogg Holdings expects to regain a full quotation for its shares if plans to take over Belgave Assets are successful. Kellogg, which is bidding for the 50 per cent of Belgave it does not already own, has now sent out the formal offer documents outlining the complex bid terms.

A bid is in the offing for Investment Trust Corporation

following an announcement on Thursday that the company had received an approach from an unnamed source.

Company bid for	Value of bid per share**	Market price**	Price before bid (£m)**	Value of bid (£m)**	Bidder	Final Acct'ee date
Albright & Wilson	165*	163	123	97.34	Tenneco	—
Capital & County	150*	142*	87	1.57	Johnson Group	—
Laundries	20*	20	20	4.64	Cleaners	—
Carding Group	165*	123	170	2.27	Hwk. Hildeley	—
Corrocraft	65*	63	56	1.62	Armstrong	—
Customagie	20*	22	19*	1.05	Mooloya Invs.	—
Fluidrive Eng.	75*	76	55	5.07	Thos. Tilling	—
Harrisons	90	88	90	109.89	Harrisons	5.6
Malaysian Ests.	20*	27	15	0.50	Boydourne	14.6
Henshall (W.)	30*	27	21	0.75	Petford	—
Henshall (W.)	20*	26	26	7.7	Joye Inv.	—
KCA Int'l.	60*	56	56*	3.44	Colonial Mutual	15.6
Kingside Inv.	146*	134	123	10.97	Life	—
Land. Aust. Invs.	21*	26	19	0.32	Aschheim Sees.	—
Trust	25*	30	21	0.88	W. & A. SA Zug	—
Marler Estates	200*	197	183	4.23	Willesdun AB	14.6
Miln Masters	845	81	82	1.29	Mitchell Cotts	—
Mitchell Cotts	67*	55	53	1.72	Wm. Frym-Werke	—
Newey Group	97*	99	97	7.79	Aurora	—
Osborn (S.)	679*	642	467	22.82	Nihra. Foods	—
Pork Farms	98*	92	72*	75.64	Robt. Kitchen	—
RKT Textiles	200*	196	170	0.78	Indust. Equity	—
St. Kitts (London)	145*	137	124	14.50	Dana Corp.	—
Sugar	90	85	74	0.40	Indo-Indonesian	6.6
Turner Mfg.	85*	97	58	1.60	W. J. Glossop	—
Walker Sons & Co. (UK)	206*	193	188	31.43	Linford	—
Western Bros.	85*	85	66	3.4	Tedgar	—
Wheatstef Dist.	20*	20	20	20	House	—
Young Austen	20*	20	20	20	House	—

* All cash offer. ** Partial bid. † For capital not already held. ‡ Combined market capitalisation. § Date on which bid is expected to become operative. ¶ Based on 1.677. ** At suspension. †† Estimated. ‡‡ Shares and cash. †† Based on 2.678.

Offers for sale, placings and introductions

C. D. Bramall: Placing of 1,333,000 Ordinary 25p shares at 70p each.

Scrip Issues

Blue Bird Confectionary Holdings: Five-for-four. Young and Co's. Brewery: One preference for six ordinary.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£'000)	Earnings* per share (p)	Dividends* per share (p)
Alida Packaging	Mar. 31	722	(862)	18.0
Berkeley Hambro	Dec. 31	1,073	(875)	4.9
Perey Bilton	Dec. 31	5,740	(3,210)	9.2
John Bright	Apr. 1	506	(1,233)	3.3
Capper Neill	Mar. 31	5,230	(4,200)	20.0
Chapman (Bathm.)	Mar. 25	343	(371)	12.5
Churchbury Ests.	Mar. 31	278	(232)	8.2
Coalite & Chem.	Mar. 31	16,310	(10,315)	33.1
Conden Group	Dec. 31	1,300	(1,360)	2.5
John Crowther	Dec. 31	258L	(126L)	Nil
Alfred Dunhill	Mar. 31	9,650	(9,220)	31.2
EMAP	Apr. 1	1,821	(1,068)	18.1
Gough Bros.	Jan. 28	215	(305)	6.2
Grant Bros.	Jan. 28	111	(147)	2.1
Inver Gordon	Mar. 31	2,800	(1,540)	12.4
Leaderfish	Dec. 31	120	(133L)	6.2
Mountview Ests.	Mar. 31	958	(792)	9.2
Normand Elec.	Feb. 23	1,040	(410)	7.3
Normand Elec.	Mar. 31	5,174	(3,818)	22.5
Polly Peck	Mar. 19	22	(38)	0.5
H. Samuel	Jan. 31	10,400	(9,400)	24.7
Samsons	Feb. 28	1,650	(2,440)	8.6
Simons & Co.	Sept. 30	84	(103)	Nil
Alex. Stephens	Mar. 31	82	(449)	Nil
Twinkl	Mar. 31	639	(157L)	1.4
UBM Group	Feb. 28	3,100	(2,600)	5.2
Warford Invs.	Dec. 25	1,654	(1,338)	8.7
Whiteley (BS & W)	Mar. 31	242L	(267)	Nil
Young's Brewery	Mar. 31	1,540	(1,491)	11.4

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£'000)	Interim dividends* per share (p)
Barclays Int'l.	Mar. 31	61,100	(35,900)
Carr's Milling	Mar. 4	255	(370)
Joseph Causton	Mar. 31	288	(230)
Charterhouse	Mar. 31	4,470	(3,375)
T. Cowie	Mar. 31	700	(510)
Dublier	Mar. 26	465	(387)
Edinburgh & Genl.	Dec. 31	91	(57)
ION Enterprises	Apr. 30	14L	(16L)
Kelsey Inds.	Mar. 31	728	(681)
Lonrho	Mar. 31	42,100	(30,000)
Marley	Apr. 30	7,335	(6,750)
M & G Group	Mar. 31	1,050	(430)
Northern Foods	Mar. 31	10,670	(7,025)
Oliver Ry	Mar. 31	155	(151)
Pleasurama	Mar. 31	481	(348)
E. J. Riley	Jan. 31	242	(100)
Sidlaw Inds.	Mar. 31	111	(560)
Swan Hunter	Dec. 31	1,148	(2,827)
Whimpey & Dudley	Mar. 31	3,064	(2,605)

* Figures in parentheses are for corresponding period. Dividends shown net except where otherwise stated.

† Adjusted for any intervening scrip issue. ‡ For one year.

§ For 15 months. ¶ Normally declared in August. ** For 26 weeks.

†† For 27 weeks. ‡‡ Not given. L Loss.

Scot. National nears £1m in first half

On gross revenue ahead from £1.3m to £1.45m Scottish National Trust Company improved revenue before tax by £83,382 to £98,287 for the six months to March 31, 1978. With net assets up from £53.03m to £58.76m the value per 25p share reached 186p, against 174p at half-year.

The net interim dividend is raised to 1.40 (1.25p). Last year a final of 2.2p was paid from record revenue of £2.02m.

Tax for the half-year took £50,470 (£34,540) leaving the net balance at £535,517 (£567,855).

	1977-78	1976-77
Gross revenue	1,454,488	1,306,125
Franked	872,350	761,742
Unfranked	582,138	544,383
Management expenses	92,460	51,907
Debit interest	51,000	37,800
Loan interest	307,531	245,725
Revenue before tax	98,287	92,885
Tax	266,470	245,400
Net revenue	68,817	67,485
Previd. dividend	21,580	21,580
Available	47,237	45,905
Interim dividend	442,364	368,173
Leaving	161,721	141,168

Matthews Wrightson

The London market problems which necessitated the large debt provision by Stewart Wrightson, have been brought under control as far as the group is concerned, Mr. E. J. Gordon Henry, the chairman of Matthews Wrightson, said at the annual meeting.

Discussions are continuing with the Norwegian consortium over the involvement in ship operating but it may be some time before they produce results. Meanwhile

Lake View sees growth at moderate levels

Leaving aside the one-for-all consequences which might follow the lifting of dividend restraints, it is more prudent to expect a growth rate at Lake View Investment Trust comparable with that seen in 1977-78, than the exceptional advance achieved the year before, Mr. Alan McIntock, the chairman, advises members.

As known taxable revenue for 1977-78 jumped 50.43m to £1.68m while for the past 12 months it was up only £0.18m to £1.88m.

The future course of currencies is most uncertain which underlines the need for all investment portfolios to have international flavour. At present the directors find the outlook for overseas markets relatively attractive and they hope to exploit them profitably in the current year, the chairman says.

The management remains committed, so far as circumstances will allow, to a continuing increase in both earnings and dividends. It will not, on balance, sacrifice immediate income to capital prospects but the inherently sound quality of the company's portfolio must be maintained and is the best assurance of the continuing growth of income the directors seek, he comments.

Total income for the year to March 31, 1978, reached £2.01m (£2.19m) and the net dividend was lifted to 2.4p (2.1p) per 25p share — as reported on April 28.

Total net resources rose by 11.1 per cent during the year to £58.83m, and net asset value emerged at 120.5p (106.3p) at year end. Listed investments in the British market were higher at £26.8m (£25.8m) whereas those overseas showed a small decline to £19.08m (£20.49m) due to some sales, poor performance of Wall Street and the weakness of the dollar against sterling.

Chown cuts halftime loss

With turnover down at £232,810 against £477,862, Chown Securities reduced its pre-tax deficit from £285,541 to £164,778 for the half-year to December 31, 1977. For all the previous year, a loss of £588,000 was incurred.

The result compared net rental income of £87,635 (£79,883), subject to net expenditure of £78,616 (£97,883) and interest of £155,797 (£248,089). No tax is payable (same).

After a surplus of £114,904 (£136,870) on realisation of property now realised transferred from capital reserve, a deficit of £30,248 (£36,774) surplus over book value on disposal of property, and a £50,000 (nil) surplus on exchange of loan stock, the loss for the period emerged as £29,222 (£91,897).

The directors state group borrowings have been greatly reduced by sales of properties and the Board's endeavours in this direction have been assisted by more favourable market conditions.

Again no interim dividend is to be paid—the last payments amounted to £1,406p net in respect of 1973-74.

UBM GROUP

Profits of the UBM Group recovered from £2.69m to £3.6m in the year ended February 28, 1978. Due to a typographical error the comparative figure was given at £3.1m in yesterday's report.

LAKE VIEW INVESTMENT TRUST, LIMITED

Managers—JOHN GOVETT & CO. LTD.

Five-year summary of results

Year ended 31st March	Per Share Earnings	Per Share Dividend	Per Share Asset Value including 100% Dollar Premium
1974	1.69p	1.35p	69.8p
1975	1.77p	1.50p	75.0p
1976	1.77p	1.65p	100.6p
1977	2.37p	2.10p	106.3p
1978	2.66p	2.40p	120.5p

Total Net Resources £58,829,193
U.K. 67.3%, North America 19.4%, Japan 10.5%

Points from Mr. C. Alan McIntock's review

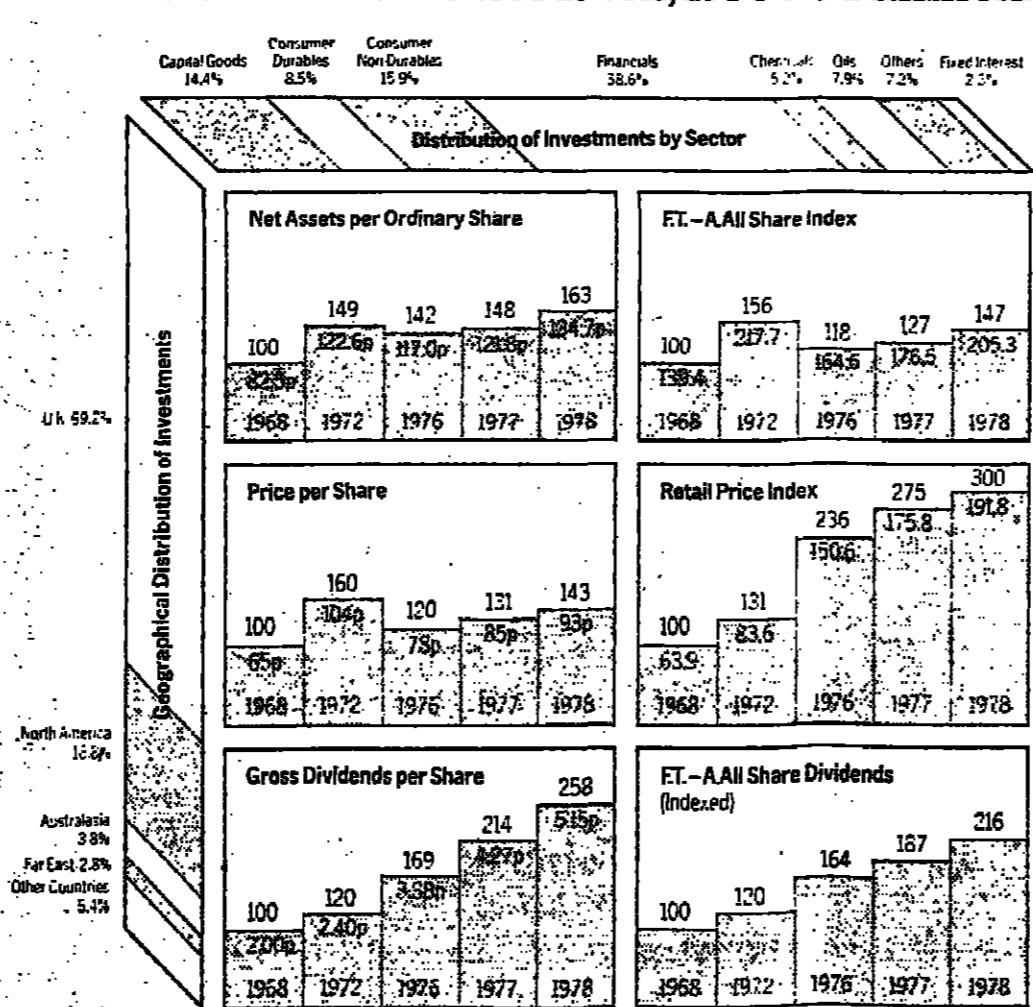
—Earnings per share show a rise of over 12 per cent to 2.66p out of which we are recommending dividends totalling 2.4p, compared with 2.1p in the previous year. The management remains committed, so far as circumstances will allow, to a continuing increase both in earnings and dividends.

—The future course of currencies is most uncertain, which underlines the need for all investment portfolios to have the international flavour which is provided by many investment trusts. At present we find the outlook for overseas markets relatively attractive and we hope to exploit them profitably in the current year.

—The world economic outlook remains overlaid with doubts about the extent and timing of recovery as well as continued threats of protectionism in the face of rising unemployment. At home we shall doubtless be faced with a General Election and all its accompanying uncertainty. Despite the sombre background, we believe our managers will continue to give a good account of themselves for the benefit of shareholders.

The Trust Union, Limited.

Total Assets at 31st March, 1978 £34 million.



COLD STORAGE HOLDINGS LIMITED

Annual Report and Accounts for the year ended 31st January, 1978.

Summarised statement of the Chairman, S.R. Parter to be presented at the Annual General Meeting of the Company in Singapore on 17th June, 1978

RESULTS
Group sales for the year at \$192.5 million were 7% ahead of last year's total of \$180.5 million.
Pre-tax profit for the year ended 31st January 1978 amounted to \$21.43 million as compared with \$21.65 million in the previous year.

DIVIDENDS
A final dividend of 4.5 cents per stock unit payable on 15th June, 1978 is recommended by the Board. The dividend for the year ended 31st January 1978 amounts to the sum of \$7,122,109, being the same total distributed as last year.

CAPITAL
At the Extraordinary General Meeting held on 18th July, 1977 a bonus issue of one stock unit for every three units held by stockholders on that date was approved, increasing the issued capital of the Company to \$88,427,432.

TRADING & MANUFACTURING ACTIVITIES
Supermarkets continue to make an increased contribution to profits this year, particularly in Malaysia where the partnership with Kumpulan Firma Bahad is working well. Plans for the major reconstruction envisaged for our Orchard Road Property is under revision for final approval from Government.
The recently extended retail processing factory is expected to continue its progress in sales to export and domestic markets. The dairy and beverage manufacturing divisions showed further improvement, but escalating manufacturing costs, severe competition and price controls narrowed profit margins.
The tea manufacturing and bakery sections of the business continued to make a steady contribution to Group profits.

NEW DEVELOPMENTS
To conform with Malaysia's New Economic Policy the next phase of reconstruction of the Malaysian operations is under consideration. In Sabah an ice cream plant in partnership with local interests is expected to commence operations at the end of May.
The refrigerated warehouse at Pasir Panjang is currently being extended to cope with future demand for these facilities.
The first joint venture in New Zealand commenced with a 50% equity participation in Wellington Cold Storage Ltd. and a further extension of this modern refrigerated warehouse is planned.
In a further move to expand the export business, a trading office has been established in Hongkong and a subsidiary company Cathay Foods Ltd. has been formed in the U.K. A number of local joint venture projects are currently under review in West Asia.

OUTLOOK
Initial expenditure associated with the development of new projects and the high cost of our continuing replacement and modernisation programme tend to restrain profits in the short term but should provide a stronger base from which to sustain the future progress of the Group.

DIRECTORATE
M.V. Oule becomes Deputy Chairman and General Tan Sri Ibrahim bin Ismail was appointed to the Board.

MANAGEMENT
Tan Yim Pin and B.J. Barton were appointed Director and General Manager of Cold Storage (Singapore) Pte. Ltd. and Cold Storage (Malaysia) Sdn. Bhd., respectively.

SALIENT FIGURES FROM THE ACCOUNTS YEAR ENDED 31ST JANUARY, 1978

	1978	1977
Turnover	192,500,000	180,500,000
Group Profit before Taxation	21,430,000	21,650,000
Depreciation for year	5,827,000	5,388,000
Dividends (net) interim and proposed final	7,122,000	7,122,000

A copy of the Company's annual report and accounts is available upon request to The Secretary, Cold Storage Holdings Ltd., Empire Dock, Singapore 4.

Australian Agents: G.S. Yull & Co. Pty. Ltd., 8 Spring Street, Sydney, N.S.W.
London Agents: Yulla, Limited, Botolph House, 10, Eastcheap, London, EC3M 1AS.

INTERNATIONAL COMPANY NEWS

HONG KONG STOCK EXCHANGES

Merger meets opposition

BY ANTHONY ROWLEY IN HONG KONG

FROM AN overseas point of view, the moves gaining pace to merge the four existing stock exchanges here—the Far East, the Hong Kong, the Kowloon and the United Stock Exchange—must appear sensible and tidy. The internal politics are formidable, however.

There would have been more than four exchanges had not securities legislation been brought in around the time of the great Hong Kong stock-market boom in 1972-73 banning the formation of further exchanges. A fifth exchange was about to open when the ban came in, as stockbrokers, commodity brokers, lawyers, accountants and all sundry bought seats.

Since then the Government has sought to reverse the trend and to persuade the four exchanges to merge into one "voluntarily". Mr. Philip Haddon-Cave, the Financial Secretary, has hinted that if persuasion fails he might legislate for a marriage.

Even so, several of the exchanges have been dragging their feet heavily, although with the official target date of January, 1980, for union getting closer they have come under increasing pressure from the official Securities Commission here to produce a merger scheme.

Earlier this month, the exchanges produced the form if not the substance of a merger. The working party on unification, set up at official behest, and comprising two representatives from each of the four exchanges, agreed that a new holding company be set up to effect the merger and that the four existing exchanges become its initial subscribers. This holding company is expected to be registered soon.

This "Hongkong United Stock Exchange" as it is being provisionally termed, will be the Federation of Stock Exchanges, the chairman of which (currently Mr. Peter Chan, head of the Kowloon Stock Exchange) will become the chairman of the new holding company. Thereafter the chairmanship will rotate among the exchanges although some of them may choose to liquidate if and when the united exchange is formed it may not be possible to Reconciling the existing power groups and loyalty within the present four exchanges, most of which seem opposed to the idea

of merger, will not be the only problem faced by the executive committee (to be formed from the working party) which will have the job of running the united exchange.
Another headache will be finding suitable premises for the new body to operate from. Officials here admit that there is no building in the Colony capable of providing the 20,000 to 25,000 square feet of space that would be needed for the four exchanges to operate on one floor. As a compromise, the new exchange might have to operate from two floors, initially at least.
There are in fact plans in existence already for the Far East and Kowloon exchanges to share trading floors as a first step towards closer union, and possibly full merger. The Kam Ngan and Hong Kong are expected to follow suit, so that within six to nine months the four exchanges should be operating on two, instead of four, floors.
Many brokers argue that the partial merger of the four exchanges effectively into two units is as far as rationalisation needs to go, particularly if the initial links develop into full mergers. Given inter-exchange trading which exists here already, and unified trading and listing rules, planned for this year, the four will be as one anyway, the brokers argue.
Brokers are also cynical about the cost benefits which Mr. Haddon-Cave has pointed to in justification of his pressure for a merger. The more wealthy exchanges, such as the Hong Kong which derives a great deal of its income from investments, foresee a substantial leakage of capital from the system in the event of existing exchanges liquidating after the formation of the new one, and thus high costs for these brokers who choose to become members of the new exchange.

The assumption is that many of those who bought seats on the stock exchanges in the boom five years ago—then incoming lawyers and accountants who got in before the 1974 securities ordinance banned such people from membership—would opt out. Market turnover has slumped to levels where no members are thought to have made a profit last year and once-lucrative new-issue activity, including private placements, has largely dried up.
The projection of a better image abroad for the Hong Kong stock market as a whole, which Mr. Haddon-Cave foresees resulting from the merger is not something which impresses the broking community here overmuch.

Stakes changing in Proton Chemical

BY LEO GONZAGA

MAJORITY OWNERSHIP of Proton Chemical Industries, which is undertaking a coconut-based chemical manufacturing project, has changed from Filipino hands to Japanese. Until recently Proton was a 50-50 joint venture between Coco Chemical Philippines and two Japanese partners, New Japan Chemicals Company and Toyo Soda Kaisha.

Proton is setting up a processing complex consisting of a methyl ester plant and an alcohol and plant in Atimonan Town, Quezon Province, on the Pacific side of the main Philippine island of Luzon. Both plants will utilise coconut as their main processing material.
The impending Japanese takeover of majority ownership of Proton will be the second de-

filipisation in the corporate scene in recent weeks. Earlier, foreigners took over control of Diabrot Products Philippines Incorporated from Filipinos.

Diabrot, a manufacturer of diamond drill bits, used to be a subsidiary of the copper producer, Lepanto Consolidated Mining Company. Diamant Board S.A. of Belgium bought 17 per cent of Lepanto's 51 per cent holding in Diabrot as well as the ten per cent combined Diabrot holdings of two other Filipino stockholders, Marblecraft Incorporated and P. D. Ocampo—making a total of 27 per cent.

Proton, which is registered with the government's Board of Investments (BOI) as a preferred pioneer enterprise, informed BOI the other day that the two Japanese partners have raised their equity in the company from 40 to 51 per cent and that Coco Chemicals, the former majority owner of Proton, has just become a minority joint venture participant.

The reaction of the government is not yet clear as this point. There is no ceiling on foreign investments in preferred pioneer enterprises. But such an enterprise, where nationals own more than 40 per cent of the total equity, is required to "Filipinise", or bring down foreign ownership to the prescribed ceiling within a certain period.

Earlier moves
The Filipino equity in Diabrot was thus reduced to Lepanto's 34 per cent, while the foreign equity was expanded to 66 per cent, made up of the 27 per cent acquired by Diamant and the existing 39 per cent held by its Australian-based subsidiary, Boart Pty. Limited. The majority ownership change took place without Board of Investments approval, since the area of activity involved is not covered by the 80 per cent minimum nationality requirement.

Copies of the Report and Accounts are available on request from The Secretary, Travis & Arnold Ltd., St. James Road, Northampton.

Wadkin

Extracts from the statement of the Chairman, Mr. W. L. Sims OBE, on the accounts for 1977 adopted at the Annual General Meeting held on the 2nd June 1978.

- * Export sales increased by 42% to £9,057,000.
- * Machine Tool Division increased its turnover by 63% in 1977 and continues to expand its business in 1978.
- * Major setback experienced in 1977 trading activities in France, but remedial steps which have been taken will overcome the difficulties.
- * Revenue reserves now stand at £8,797,000.

	1977	1976
Group turnover	£9,991	£15,831
Profit before taxation	1,755	1,735
Net profit after taxation	1,230	1,511
Pence Per Share:		
Earnings before taxation	38.55	36.26
Earnings after taxation	25.62	31.47
Dividends	5.88	
Transfers to reserves	19.76	28.17

WADKIN LTD., WOODWORKING MACHINERY & MACHINE TOOLS, GREEN LANE WORKS, LEICESTER LE5 4PF

Sears Holdings Limited

Results for the year ended 31st January, 1978

	1977/78	1976/77
Turnover	£m	£m
	981	793
Trading profits	74.7	54.0
Group profits before taxation	65.5	42.5
Group profits after taxation	28.9	14.4
Proposed dividend	11.6	10.4
Added to reserves	13.1	6.0

- Turnover at £981m was 23.7% up on 1976/77.
- Profits before tax rose from £42.5m to £65.5m, an increase of 54.2%.
- Earnings per share 6.2p (3.6p).
- Dividend increased from 2.31p to 2.58p per share.
- A revaluation of the group's properties shows a surplus of £155m.
- A one-for-one scrip issue is proposed.

Extracts from the Chairman's Statement

It gives me great pleasure to pay tribute to Sir Charles Clore who retired at the end of last year after serving as Chairman of your Company for 25 years. From a group which had about 8,000 employees, gross assets of £10 million, turnover of £10 million and profits before tax of £1 million, it has now become an international group with over 60,000 employees, gross assets of £750 million, turnover of £981 million and profits before tax of £65 million. It is an achievement which must be almost unique in the modern business world.

I am very pleased that Sir Charles has agreed to remain a director of your Company and will continue to involve himself with our affairs, particularly those overseas, which will be of immense help to us in our expansion programme.

We continue to invest in each of our activities and have confidence in the future, based on our inherent strengths of assets, liquidity and manpower.

It is your Board's intention to continue our present policies of consolidation and expansion of our businesses, enlarging them where possible, particularly in Europe and North America.

The Sears group is primarily engaged in the retailing and services industries. If the U.K. economy improves, we should benefit in all aspects of our businesses and I look forward to an increased group profit in the current year.

LEONARD SAINER

Copies of the 1977/78 Annual Report and Accounts may be obtained from The Secretary, 40 Duke Street, London W1M 6AN.

Investment in 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help—Send a donation today to: Room F.1, Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW1 1SJ

M&G RECOVERY FUND FROM £12 A MONTH

Widely acclaimed by financial journalists and investment advisers, M&G's Recovery Fund, designed to produce capital growth, ended 1977 as Britain's best-performing unit trust. It also leads over the two year and six year periods. It has a policy of buying the shares of companies that have taken over their own shares. Many of these companies recover, and through a process of careful selection M&G has been able to bring high returns over the years to Recovery Fund investors.

This offer enables you to start a Regular Monthly Saving Plan with the Recovery Fund through a life insurance policy for as little as £12 a month, and you are normally entitled to claim tax relief at current rates of 37% for each £100 paid. On a £20 Plan, tax relief at present rates can bring down your net monthly cost to only £10.50, with which you buy units worth considerably more.

Regular investment of this type also means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which gives you a positive long-term advantage, because

your regular investment buys more units when the price is low and fewer when it is high. You also get the benefit of at least 180 times your monthly payment throughout the period if you age at entry 54 or under, the element of £1000 is added to your investment for every year up to 75.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% (depending on your starting age) is invested each year in the first ten years when an additional 20 per cent is related to meet selling expenses. After two years, therefore, the amount invested will, in most cases, represent more than 100% of the net amount you pay after tax relief is taken into account.

Investors should regard unit trusts as a long-term investment and not suitable for money needed at short notice.

The price of units and the income from them may go down as well as up.

M&G is a member of the Life Offices' Association.

At the top of the table, on our Unit Trust of the Year, is M&G Recovery Fund. DAILY EXPRESS 21.12.77. The top performing unit trust of 1977. M&G Recovery Fund topped the list with a 115% gain. ADVANTAGE 12.12.77.

FROM £12 A MONTH

THREE GUARANTEES: 1. A 10% increase in the value of your investment over the next 10 years. 2. A 10% increase in the value of your investment over the next 20 years. 3. A 10% increase in the value of your investment over the next 30 years.

I wish to save £ each month in the M&G Recovery Fund (min. £12). I enclose my cheque for the first monthly payment, payable to M&G Trust (Assurance) Ltd. I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been issued.

NAME (in full) SURNAME
ADDRESS
POST CODE
DATE OF BIRTH
DATE OF SIGNATURE
NAME AND ADDRESS OF TRUSTEE (DO NOT SIGN IF YOU ARE NOT A TRUSTEE)

Signature DATE
The offer is not available to residents of the Republic of Ireland.

Schlesinger Extra Income Trust

To: Schlesinger Trust Managers Ltd., 140 South Street, Dorking, Surrey. Week-end and Evening Answerphone Tel. Dorking (0306) 86411

I wish to invest £ (minimum £500) in the Schlesinger Extra Income Trust at the fixed price of 31.2p x d.

I wish to have my dividends re-invested

I would like further information, including details of Share Exchange

A cheque is enclosed in remittance, made payable to Mulland Bank Limited.

Signature (In the case of a joint application all must sign.) FT3/6

Flick in \$100m. deal

BY JOHN WYLES

WEST GERMANY'S Flick Group has added to the rising tide of foreign investment in the U.S. by purchasing for \$100m in cash some 435m of convertible reference stock of United States Filter Corporation, a leading engineering supplier for the U.S. Army.

The new preference stock is convertible into the New York-based company's common shares on a one-for-one basis and amounts to about 34.5 per cent of U.S. Filter's total voting stock. Three Flick representatives will be joining the U.S. Filter board and adding with a fourth to the added latter.

The Flick Group is one of West Germany's leading privately-owned companies which in 1975 disposed of a 29 per cent stake in Daimler Benz for \$975m. Its decision to commit some of the proceeds to direct investment in the U.S. adds to a stream of investments made this year by West German companies. According to a recent survey, West German and UK companies accounted for 39 of the 81 direct investments in U.S. manufacture in the first quarter of this year.

Mr. Raymond Rich, chairman and chief executive of the U.S. Filter, said today that the deal

stantially enhances the company's financial resources by increasing the total stockholders equity to about \$250m." He added that U.S. Filter would now be in a good position to achieve its growth objectives.

The company's first quarter results this year were hit by delays in implementing several pipeline and energy projects which would have been purchases of its air and water pollution control equipment. At 11 cents a share, earnings were only one-third of last year's first quarter. For 1977 as a whole, U.S. Filter returned a net profit of \$13.9m on sales of \$423.7m.

However, the company's prospects have been improved by its recent tender offer which raised its stake in Esso, a leading producer of catalysts, to 50.5 per cent, around 84 per cent. Filtrco had net profits in 1977 of \$6.1m on sales of \$89m.

Adrian Dickies writes from Bonn: A spokesman for the Flick Group in Duesseldorf this evening described U.S. Filters as one of the most progressive and technologically advanced engineering companies in the world. Some of its interests in the fields of services to the energy industry, chemicals, water treat-

tion control would be complementary to those of the Flick companies.

With a turnover of DM 7.2bn in 1976, Flick's principal interests are in the foundries and mechanical engineering industries, chemicals, paper and board, and plant construction. Its major subsidiaries in West Germany are Buderus/Krauss Maffei, Feldmuehle and Dynamit-Nobel.

Flick's U.S. Filters deal is its second large investment in a major American company. In the first half of 1975 it acquired 12 per cent of W. R. Grace, the chemicals group, to become the biggest single shareholder.

The DM 2bn which Flick received from the sale of its 29 per cent stake in Daimler-Benz in early 1976 must be reinvested by the end of this year in projects approved by the West German Ministry of Economics, if Flick is to avoid paying capital gains tax on it.

Including its move into U.S. Filters and its recent acquisition of 75 per cent of Versicherungs Holding der Deutschen Industrie, which in turn owns 51 per cent of the German insurance group, Flick now appears to have invested rather more than DM 750m in purposes which

CBS response to suit

COLUMBIA BROADCASTING system, one of the country's largest broadcasting and publishing companies, has been charged by the Justice Department with violating anti-trust laws through its acquisition last year of a

DID YOU MISS

the highly competitive mass publications market.

CBS already owned Popular Library Books, the 11th largest mass market publisher which has sales of \$10m, when it bought it for \$10m last year for \$50m. Fawcett then ranked fifth in the market with sales of \$37m, and bought CBS total market share of 10 per cent.

CBS reacted sharply to this, saying that it was both unjustified and surprising in view of the fact that the Justice Department had been notified of

THE BOAT?

COPPER prices have risen over £150 in the last three months with many forecasters now suggesting £1,000 by the year end.

While this must remain no more than a possibility one thing is certain—commodity price movements will continue to present excellent opportunities to the well-informed futures trader prepared to take the high risks which undoubtedly exist.

The first step is to secure the services of a reliable broker, one who is prepared to make firm but reasoned price predictions at all times. C.C.S.T. is that broker and whether you wish to open an account or simply receive the next two

issues of our Weekly Market Report free of charge, please
phone 01-480 6841 or write to:

C.C.S.I. Commodities Ltd

 Walsingham House, 35 Seething Lane,
London EC3N 4AH.

IMPORTED—Wheat: CWRS No. 1 159
Per cwt June 239.75, Thailand. U.S. Dark
Red Spring No. 1 14 per cwt
July 237.75, July 239.25, August 239.75, transship-
ment East Coast.
Per cwt 14.5/French June 1105.25, U.S.
No. 2, August 1101.50, transshipment East
Coast. South African White June-July
1100.00, 1105.00, 1110.00, 1115.00, 1120.00,
1125.00, 1130.00, 1135.00, 1140.00, 1145.00,
1150.00, 1155.00, 1160.00, 1165.00, 1170.00,
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3225.00, 3230.00, 3235.00, 3240.0

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Sept.	85.45-83.50	82.95-82.10	83.50-82.00	December	223.0-40.0	-----	-----
Dec.	84.45-84.50	83.65-83.30	84.56-83.30	March	245.0-48.0	-----	-----
Mar.	85.00-85.70	84.50-84.55	85.50-85.45	May	246.0-48.0	-----	-----
				July	248.0-48.0	+4.0	-----
				October	247.0-48.0	-----	-----

Notes: 395 (235) lots of 15 tonnes and
 8) lots of 3 tonnes.

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Table with multiple columns listing various financial data, including company names, stock prices, and interest rates.

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MAN OF THE WEEK

Retailers
of the
middle
ground

BY ELINOR GOODMAN

HE IS to be charitable, around 55. He wears a plain shirt and a rather baggy suit and looks as if he would be at home on a building site. A man who prides himself on being a blunt speaker, he is probably an active member of his trade union and can quote the rule book chapter and verse. He has no conventional commercial experience but believes he has a right to participate in business.

His female counterpart is about the same age. Her whole appearance is eminently sensible. Not for her blue rinses or flowery hats. She is a busy person who long ago learned that women have more to do in life than rear children.

Both are rather earnest with a set of beliefs to which they are deeply committed. They are proud of their working class origins. Even though they own a car—and quite possibly a colour television—they can remember the time when money was short and when people had to look to something other than the State when times were hard. A punchy verbal onslaught on capitalism will get them clapping appreciatively but they are suspicious of long haired intellectuals too. There is a rather conservative form of radicalism.

They are the active members of Britain's 20th retail co-operative societies as seen this week in Scarborough, dutifully deserting the beach for the windowless Futurist theatre. It is these people who are delegated each year to represent the 10,600 co-operative members who own the Co-op. Britain's largest retailer, milkman, farmer and undertaker.

Sacred

No single person is in charge of the Co-op. The movement has more than 100,000 of chief executives and chairmen but, just as the Co-op itself is composed of over 200 autonomous societies, control is vested in many hands. The delegates are only typical of the minority of members who participate in elections. But it is the active members who appoint the management and exert the power enshrined in the constitution. To them the constitution is almost sacred.

They are both the Co-op's greatest assets and its greatest handicap. The Co-op would have no reason for existing without them for it is they who ensure that the Co-op is not just another chain fighting the High Street war. They are the embodiment of that middle ground which the Co-op occupies somewhere between state ownership and private enterprise.

At Congress they repeatedly remind each other of the movement's social purpose—a phrase of almost mystical importance which encompasses everything from financing children's groups, likely the wondrous folk and adult education, to the movement's fundamental purpose of fighting private enterprise and ensuring that the members get the benefit of mutual trading.

Some of these characteristics may be admirable but they do not make it easy for professional managers trying to fight a High Street war which leaves little room for co-operation in the personal management has become increasingly strong over the years. But grand schemes, such as the much discussed plan to reduce the number of societies to 25, are, for the most part, ignored once delegates have left the almost evangelical atmosphere of congress and gone back to the territorial patches which they guard jealously.

Agonising

To be fair, some societies, like Normid, have done very well in commercial terms and have been in the forefront of retailing development but others, like London, have had to sell assets to reduce their losses. And, in 1977, after three years in which the movement had managed to reverse the long decline in its fortunes, its market share edged down again to 7 per cent.

Delegates at Congress were only too well aware of the dilemmas posed by the High Street war. They have been agonising for years over how best to preserve the democratic structure in the kind of larger societies needed to raise the necessary finance for larger new stores. Ahead lie all sorts of thorny problems such as whether the Co-op has a duty to keep open its smaller, unprofitable shops for the benefit of less mobile members.

But, at the end of Congress, when all the delegates linked arms in sing 'And Land Syde', all talk of grand reform plans and multi-throat competition seemed to belong to another world.

Callaghan warning
on Africa peace

BY REGINALD DALE

NEW YORK, June 2.

MR JAMES CALLAGHAN, the Prime Minister, today called on African countries to speak out against outside interference in their affairs before it was too late.

In a strong attack on Soviet and Cuban intervention in Africa, he told the United Nations that the continent "misused by a new imperialism" or become a new breeding ground for East-West discord.

Mr. Callaghan, addressing the special General Assembly session on disarmament, urged African countries to stand up for the principles of non-interference and the peaceful settlement of disputes. If they did not, they would find themselves caught up in an arms race, "with growing instability for their countries and increasing danger of wars."

Before proceeding with longer term disarmament efforts, all countries should start immediately by restraining the use of their armed forces, he said. "Countries will not renounce the further buildup of military power until they see the first steps to reductions in armaments—if they see others, whether directly or by proxy, using existing military force as an instrument of foreign policy to secure advantage wherever they can."

He supported an American proposal for the creation of a permanent UN standby peacekeeping force and called on the

special session to launch a study on ways of restricting the growth of conventional weapons throughout the world.

One approach would be to tackle the problem regionally and multilaterally with the involvement on an equal footing of both suppliers and recipients. Mr. Callaghan called for changes in the chairmanship system at the Geneva disarmament conference under which only the U.S. and the Soviet Union are entitled to take the chair. He urged France and China, which have boycotted the Geneva talks at least partly in protest at this superpower monopoly, to take up their seats at the conference.

Realistic

The UK would be prepared to join other nuclear powers in far-reaching and permanent assurances not to use nuclear weapons against non-nuclear states. It would also support the establishment of further zones free of nuclear weapons where all states concerned agreed.

General and complete disarmament could not be an immediate objective. But there were areas in which real progress could be made in a short but realistic time scale.

The UK was ready to put forward new proposals in the Geneva negotiations on a treaty banning all nuclear testing, to open the way for speeding progress on the outstanding issues.

An international system of seismic stations would be needed to verify the agreement. Preparations should now start for a further round of strategic arms limitation talks, between Moscow and Washington (SALT II), which should aim to reduce significantly the numbers of strategic systems and restrict their development and refinement. Ways must also be found to restrain nuclear armaments in Europe.

Mr. Callaghan called for multilateral negotiations in Geneva on a pact banning the use of chemical weapons, and a successful conclusion to the Vienna negotiations aimed at reducing force levels in Central Europe.

To aid disarmament negotiations all countries should publish complete defence budget figures, he said. Britain was prepared to take part in a pilot scheme to try out a new UN system of budgetary measuring and reporting.

He supported plans for a second special session on disarmament in 1981 "to call us all to account for what we can achieve between this special session and the next."

Mr. C. A. van der Klaauw, the Dutch Foreign Minister, proposed the establishment of an International Disarmament Organisation to deal with verification and implementation of present and future disarmament treaties, particularly those banning chemical weapons and nuclear testing.

Rothmans to extend
Canada links

By Stuart Alexander

ROTHMANS International, the UK tobacco group, is poised to take an 85.6 per cent stake in Rothmans of Pall Mall Canada, with which it is already linked through the extensive business interests of Dr. Anton Rupert, the South African industrialist.

Talks are still going on about the deal, thought to be worth over £40m and could take some time to complete.

Rothmans International's wholly-owned West German subsidiary, Martin Brinkmann, would buy all the issued shares of a specially-formed Canadian company holding 85.6 per cent of the Canadian Rothmans.

The shares are now held by Rupert interests, which also own 43.7 per cent of the shares in Rothmans International. The acquisition would be for cash, with Brinkmann the chosen purchaser because of the strength of the Deutschmark.

Brewers

Rothmans of Pall Mall Canada is the second biggest manufacturer and distributor of tobacco products in Canada, standing behind British American Tobacco, with 28 per cent of the cigarette market.

It also owns 50.1 per cent of brewers Carling O'Keefe, beer, wine, oil and gas would represent for Rothmans International and Brinkmann a measure of beneficial diversification.

In the financial year to March 31, 1978, it turned in net profits, after all extraordinary items, of Can.\$24.47m (£12m) on sales of Can.\$780m.

The Canadian tobacco interests would be a logical extension to the business of the Rothmans International group and operational advantages, particularly in terms of marketing, are envisaged.

Rothmans International said yesterday: "The interests in beer, wine, oil and gas would represent for Rothmans International and Brinkmann a measure of beneficial diversification."

Interests

The deal further ties up the worldwide tobacco interests of Rothmans and gives it operating subsidiaries in Holland, Germany, Australia, New Zealand and Malaysia, as well as Canada.

While it has increased sales in the UK, from just over 6 per cent to slightly under 11 per cent of the market, domestic profits have always been thin. In contrast its exports have been very successful and the company is highly profitable in the Middle East and the West Indies.

News analysis. Page 4

Continued from Page 1
Tanzania

consistent with the policies and aspirations of the particular countries.

The Tanzanian complaints related to "incidents which occurred many years ago and were reported on in the Department of Trade report of March, 1976."

This was not the first time that Tanzania had purported to expropriate Lonrho's assets. In 1966, Central Line Signal Estates was nationalised, and compensation has not yet been paid, although at the time "prompt fair and adequate compensation" was promised.

"The company, therefore, welcomed the statement that a fair price would be paid for assets appropriated now" and insists that on this occasion payment is due.

All the companies referred to in the Tanzanian statement were either publicly quoted in East Africa or subsidiaries of public companies quoted in East Africa.

Mr. Ishihara added that Nissan expects a 12 per cent boost in domestic car sales this year. He predicted that on the basis of this recovery in the home market, noticeable since March, the car company can hope to record gross sales of ¥2,350bn in fiscal 1978 and earn ordinary income of ¥135bn for the year, compared with ¥2,245bn and ¥135bn for the fiscal year ended last March and announced earlier this week.

The Nissan president said the company sold 121,422 Datsun passenger cars in the U.S. in the first four months of this year, a negligible rise of 0.4 per cent over the same period in

1977. "This is proof that our exports to the U.S. are not increasing," he said. "Nissan is looking at sites for its first car manufacturing plant in the U.S. Mr. Ishihara said that a dozen Nissan officials are in America for a survey which he called a forward step in Nissan's strategy to begin manufacturing in the U.S."

Mr. Ishihara added that Nissan expects a 12 per cent boost in domestic car sales this year. He predicted that on the basis of this recovery in the home market, noticeable since March, the car company can hope to record gross sales of ¥2,350bn in fiscal 1978 and earn ordinary income of ¥135bn for the year, compared with ¥2,245bn and ¥135bn for the fiscal year ended last March and announced earlier this week.

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THE LEX COLUMN

Interest rates
drift higher

This week's sunshine and high temperatures were reminiscent of the summer of 1976. But other, less pleasant memories of that period have been evoked by the recent failure of the authorities to respond to the overshooting of the monetary targets. And on Thursday the Government's monetary sums were once again assessed as failing to add up, this time not by one of the City's monetarists but by the Keynesian economists of the National Institute for Economic and Social Research.

In its quarterly review, the Institute forecast that domestic credit expansion in the financial year 1978-79 will reach £7.9bn, well over the £6bn ceiling which Mr. Healey agreed with the IMF only some ten days ago. Moreover, the Institute estimated that inflation will be back to 10 per cent by the end of the year, compared with the Treasury's 7 per cent prediction, and was quite gloomy about general economic prospects for 1979.

Against this background the investment institutions have continued to fight shy of gilt-edged, making this the most serious episode of confrontation in the Government bond market for two years. Both long-term and short-term interest rates have been edging higher: the Friday MLE formula abolished last month would have indicated a rate of 9 1/2 per cent after yesterday's Treasury bill tender (though it is relevant to point out that had the formula been still valid the discount houses would probably have tendered rather differently).

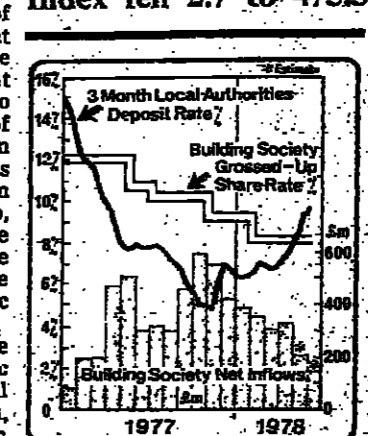
Equities continue to show relative strength against gilts, however, with the 30-Share Index only marginally lower this week. At around 475 the Index is close to the centre of a range within which it has been trading sideways for the past six months.

Building societies

This time next week we should know whether the 41m borrowers from Britain's building societies are going to have to pay more for their money and whether the silent army of 16m-odd investors are going to receive a higher return. The building societies are a conservative bunch—between 1939 and 1977 they only changed the mortgage rate by around 20 times—so they may decide to sit it out for another month to see where interest rates settle down.

Since any discussion about

Index fell 2.7 to 475.5



Higher mortgage rates, tends to be clouded by political overtones. It is easy to lose sight of the financial pressures that are now building up for higher rates. At present a mortgage rate of 8 1/2 per cent for 25-year money looks cheap when compared with yields of close to 13 per cent on Government stocks.

However, these are not the key influences on mortgage rates. The best indicator is the three month local authority deposit rate. When the grossed-up building society share rate is above the local authority rate, the building societies experience a healthy cash inflow. Late last year the gap widened at one time to 5 percentage points and the societies' inflows were running at close to £800m a month. Since then money market rates have soared, and the grossed-up share rate of 8 1/2 per cent is now around three quarters of a point below the local authority rate.

Consequently the inflows are now falling off sharply. In April, rather more than £300m was accounted for the great bill taken in May receipts probably fell by more than £100m and in June and July they could be as low as £100m a month if building society rates stay out of line.

Fortunately the societies are still flush with funds. Their liquidity ratio is historically high and they can run this down for some months without much trouble. Assuming inflows of £100m a month, loan repayments of £200m, and interest credited of another £100m, a month they should still be able to lend around £750m a month by reducing their liquidity by £250m a month, say.

However, they are unlikely to sit back and allow their competitive position to be eroded, shareholders

The large societies want to continue to grow fast, and this dictates an early rise in mortgage and mortgage rates even though it is not as pressing as some societies would have us believe.

Rothmans Int.

Less than a year ago, Rothmans International publicly claimed a target of achieving two-fifths of its profits from tobacco interests in the next five years. Yesterday it announced that it was contemplating a substantial cash bid for controlling interest in Canada's second biggest tobacco company, Rothmans of Pall Mall Canada (RPMC). Since 1960 business are controlled in one way or another by the South African interests of Dr. Anton Rupert, the bidder's motives are somewhat obscure. By its substantial holding of independent shareholders it has a deal come off.

Such a deal could certainly be convenient for the Rupert group which has given an undertaking to reduce its holdings in the Canadian company from nearly 86 per cent to 50 per cent at some unspecified date. Transferring the holding to Rothmans International, in which Rupert interests have a 50 per cent holding, would fulfil this promise and would realise substantial sums of cash which could be useful for any other North American ambitions. Rupert interests have a sizeable holding in Liggett and Myers and are reported to have been contemplating a deal of some kind with Pabst Brewing.

But it is not at all clear how such a link with RPMC could fit in with the UK company's stated objectives. Tobacco accounted for the great bulk of RPMC's earnings in recent years, and although the proportion has been reduced by the sale of a loss-making brewing business, it still makes up over half the company's profits.

Based on the current market price, the Rupert holding in RPMC is worth about £430m. A bid on this scale would thus be a substantial part of Rothmans' firepower for future diversification—and would surely require the approval of independent shareholders.

Weather

UK TODAY

DRY and sunny in most districts. London, Midlands, Cent. Northern England, Glasgow, Cent. Highlands. Dry, sunny spells. Max 27C (81F). S.E. Cent. Southern E. and N.E. England, Anglia, Channel Islands, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland.

Dry, sunny spells, cooler near coast. Max. 27C (81F). S.W., N.W. England, Wales, Lake Dist., S.W., N.W. Scotland, Dry, sunny spells inland. Max. 22C (73F).

Orkney, Shetland. Dry, bright or sunny intervals. Max. 30C (86F). Isle of Man, N. Ireland. Dry, sunny periods. Max. 23C (73F).

Outlook: Dry and sunny at first. Thunder showers later.

BUSINESS CENTRES

	Y'day	mid-day		Y'day	mid-day
Alexandria	P 24	27	Luxemburg	C 25	26
Amman	P 24	25	Madrid	P 25	26
Algiers	P 24	25	Manchester	P 25	26
Bahrain	P 24	25	Moscow	P 25	26
Barcelona	P 24	25	Mumbai	P 25	26
Bombay	P 24	25	New York	P 25	26
Brussels	P 24	25	Osaka	C 25	26
Buenos Aires	C 17	63	Paris	C 25	26
Cardiff	P 27	28	Perth	C 25	26
Cebu	P 24	25	Prague	P 25	26
Colombo	P 24	25	Rio de Janeiro	P 25	26
Copenhagen	P 24	25	Rome	C 25	26
Dakar	P 24	25	Sao Paulo	C 25	26
Damascus	P 24	25	Stockholm	P 25	26
Dhaka	P 24	25	Sydney	P 25	26
Dublin	P 24	25	Tehran	P 25	26
Edinburgh	P 24	25	Tokyo	P 25	26
Frankfurt	P 24	25	Winnipeg	P 25	26
Glasgow	P 24	25	Zurich	P 25	26
Hong Kong	P 24	25			
Imbros	P 24	25			
Isle of Man	P 24	25			
London	P 24	25			

HOLIDAY RESORTS

Alicante	25	27	Jersey	25	26
Amman	24	25	Las Vegas	25	26
Amsterdam	24	25	London	25	26
Ankara	24	25	Malaga	25	26
Antwerp	24	25	Manila	25	26
Athens	24	25	Mexico City	25	26
Auckland	24	25	Moscow	25	26
Bahia	24	25	Mumbai	25	26
Bangkok	24	25	Nairobi	25	26
Batavia	24	25	Osaka	25	26
Bombay	24	25	Paris	25	26
Buenos Aires	24	25	Perth	25	26
Calcutta	24	25	Prague	25	26
Canton	24	25	Rio de Janeiro	25	26
Cebu	24	25	Rome	25	26
Colon	24	25	Sao Paulo	25	26
Dakar	24	25	Stockholm	25	26
Damascus	24	25	Sydney	25	26
Dhaka	24	25	Tehran	25	26
Dublin	24	25	Tokyo	25	26
Edinburgh	24	25	Winnipeg	25	26
Frankfurt	24	25	Zurich	25	26
Glasgow	24	25			
Hong Kong	24	25			
Imbros	24	25			
Isle of Man	24	25			
London	24	25			

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